By: Perez of El Paso H.B. No. 730

A BILL TO BE ENTITLED

AN ACT

relating to the interconnection of large load customers and the recovery of costs of generation facilities serving large load customers by electric utilities operating outside of the ERCOT power region.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 36.053, Utilities Code, is amended by adding Subsections (e), (f), and (g) to read as follows:

(e) In this subsection and Subsections (f) and (g):

(1) "Dedicated large load generation facility" means a generation facility, or a portion of a generation facility, that an electric utility operating solely outside of the ERCOT power region constructs, acquires, or contracts for primarily to serve one large load customer.

(2) "Large load customer" means a retail customer whose total load at a single site exceeds, or is projected to exceed, 75 megawatts. The term includes an affiliate or successor in interest of the customer.

(f) Notwithstanding Section 39.410 or any other law, the commission may not find that a dedicated large load generation facility is used by and useful to the electric utility in providing service, and the utility may not include the original cost of the facility in invested capital or otherwise recover the cost of the facility from customers other than the large load customer, unless

the commission, in a proceeding for which notice is provided to each affected customer class and that is concluded before the cost is included in rates, finds that:

(1) the facility provides a net benefit to the utility's customers other than the large load customer; and

(2) the costs of the facility are allocated among customer classes in accordance with cost-causation principles and in a manner that does not cause the rates of the residential or small commercial customer classes to exceed the rates those classes would pay if the facility had not been constructed, acquired, or contracted for.

(g) The commission may make the findings described by Subsection (f) in a proceeding under Chapter 37 for a certificate of convenience and necessity for the facility or in a separate proceeding. Subsection (f) applies regardless of whether the large load customer has agreed to pay all or part of the costs of the facility for a limited period.

SECTION 2. Section 37.056, Utilities Code, is amended by adding Subsection (j) to read as follows:

(j) The commission may not grant a certificate for a dedicated large load generation facility, as defined by Section 36.053(e), unless the commission:

(1) makes the findings described by Section 36.053(f); or

(2) conditions the certificate on the electric utility's agreement that the costs of the facility will not be recovered from customers other than the large load customer unless

the commission later makes those findings in a proceeding described by Section 36.053(f).

SECTION 3. Subchapter I, Chapter 39, Utilities Code, is amended by adding Section 39.411 to read as follows:

Sec. 39.411. INTERCONNECTION OF LARGE LOADS. (a) In this section, "large load customer" includes an entity requesting an interconnection that exceeds the demand threshold established under Subsection (c) and a successor in interest to such an entity.

(b) The commission by rule shall establish standards for interconnecting large load customers to an electric utility subject to this subchapter in a manner designed to support business development in this state while minimizing the potential for stranded infrastructure costs, protecting the utility's other customers from costs caused by large load customers, and maintaining system reliability.

(c) The standards apply only to a customer requesting a new or expanded interconnection where the total load at a single site would exceed 75 megawatts, unless the commission determines that a lower threshold is necessary to accomplish the purposes described by Subsection (b).

(d) The standards must:

(1) require each large load customer to disclose to the electric utility whether the customer is pursuing a substantially similar request for electric service in this state or another state the approval of which would result in the customer materially changing, delaying, or withdrawing the interconnection request;

(2) set a flat study fee of at least $100,000 to be paid to the electric utility for initial transmission and generation screening studies, with any unused portion credited toward the customer's financial obligations for interconnection at the same site;

(3) include a method for a large load customer to demonstrate site control for the proposed load location through an ownership interest, lease, or another legal interest acceptable to the commission;

(4) include uniform financial commitment requirements for the development of transmission and generation infrastructure needed to serve a large load customer, which may be satisfied by security provided on a dollar per megawatt basis as set by the commission, contribution in aid of construction, advance payment for significant equipment or services, or another form of financial commitment acceptable to the commission; and

(5) provide that security posted under Subdivision (4) is refunded, in whole or in part, after application to any outstanding amounts owed, as the customer meets load ramp milestones and sustains operations for a period prescribed by the commission, if the customer withdraws all or part of its request, or if capacity subject to the commitment is reallocated to other customers.

(e) Information a large load customer submits under Subsection (d)(1) that is competitively sensitive is confidential and not subject to disclosure under Chapter 552, Government Code, except to the commission.

(f) Section 39.410 does not limit the application of the standards adopted under this section to a request for interconnection made on or after the effective date of the rules adopted under this section.

SECTION 4. (a) Section 36.053, Utilities Code, as amended by this Act, applies to a proceeding to change rates that is initiated on or after the effective date of this Act.

(b) Section 37.056(j), Utilities Code, as added by this Act, applies only to an application for a certificate of convenience and necessity filed on or after the effective date of this Act.

(c) The Public Utility Commission of Texas shall adopt rules under Section 39.411, Utilities Code, as added by this Act, not later than June 1, 2028.

SECTION 5. This Act takes effect September 1, 2027.