

SUBJECT: Revising CCN requirements; requiring annual ERCOT assessment

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 12 ayes — Paddie, Hernandez, Deshotel, Harless, Howard, Hunter, P. King, Lucio, Metcalf, Raymond, Shaheen, Slawson

0 nays

1 present not voting — Smithee

SENATE VOTE: On final passage, April 19 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Jason Ryan, CenterPoint Energy; Julia Harvey, Texas Electric Cooperatives; (*Registered, but did not testify:* Cyrus Reed, Lone Star Chapter Sierra Club; Brent Bennett, Texas Public Policy Foundation; Kenneth Flippin, U.S. Green Building Council Texas Chapter)

Against — Jeffrey Clark, Advanced Power Alliance; (*Registered, but did not testify:* Mark Stover, Apex Clean Energy; Carrie Simmons, Conservative Texans for Energy Innovation; Royce Poinsett, Duke Energy; Shannon Ratliff, Invenergy)

On — (*Registered, but did not testify:* Thomas Gleeson, Public Utility Commission)

BACKGROUND: Some have suggested revising certain statutes on certificates of public convenience and necessity required for electric utilities by exempting short transmission projects from a lengthy permitting process, requiring consideration of a broader range of load forecasts and potential renewable generation scenarios, and improving cost comparison tests to include potential consumer impacts. There have also been suggestion to provide for an annual reliability assessment of the ERCOT power grid during extreme weather events.

DIGEST: CSSB 1281 would revise certain requirements regarding certificates of

convenience and necessity and require ERCOT to conduct an annual assessment of grid reliability in extreme weather events.

Certificates of convenience and necessity. CSSB 1281 would provide that an electric utility was not required to amend its certificate of public convenience and necessity to construct a transmission line that connected its existing transmission facilities to a load-serving substation or metering point if:

- the transmission line did not exceed three miles in length;
- each landowner whose property would be directly affected by the transmission line provided written consent; and
- all rights-of-way necessary for construction of the transmission line had been purchased.

In considering the need for additional service before granting a certificate for a reliability transmission project that served the ERCOT power region, the Public Utility Commission (PUC) would have to consider:

- historical load, forecasted load growth, and additional load currently seeking interconnection; and
- security constrained optimal power flows for a reasonable range of power generation dispatch scenarios, including reliability limitations in serving load during high and low renewable generation output.

The bill would specify that the comparison of the estimated costs and savings of a transmission project serving the ERCOT region included in PUC criteria for granting a certificate would be a comparison of the estimated costs for consumers and the estimated congestion cost savings for consumers. The comparison also would have to consider both current and future expected congestion levels and the project's ability to reduce those levels.

Annual ERCOT assessment. The bill would require the ERCOT organization to conduct an annual assessment of the ERCOT grid to

assess its reliability in extreme weather scenarios. Each assessment would have to consider the impact of different levels of thermal and renewable generation availability and recommend transmission projects that could increase the grid's reliability in extreme weather scenarios.

The bill would take effect September 1, 2021, and apply only to a proceeding affecting a certificate of convenience and necessity that commenced on or after that date.