

BILL ANALYSIS

Senate Research Center

S.B. 933
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Natural Resources & Economic Development
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The interconnection of new large direct current (DC) ties between the Electric Reliability Council of Texas (ERCOT) system and neighboring regional transmission organizations could have a significant impact on price formation, resource dispatch practices, reliability, the quantity and cost of ancillary services, and resource adequacy.

During times of system stress and high prices, ERCOT could use the DC ties as resources, importing power over the tie to alleviate strain on the system and moderate prices. When prices are low, exports over DC ties could provide broader markets for power producers in ERCOT. The impacts of new large DC ties on consumers and producers are varied and must be formally assessed by the Public Utility Commission of Texas (PUC).

S.B. 933 authorizes PUC to review and assess whether interconnection transmission projects with DC ties are in the public interest.

The committee substitute added a provision that "any person," as well as any electric utility and municipally owned utility, must seek a certificate of convenience and necessity (CCN) to build transmission that will interconnect with DC ties. This is to prevent another entity from partnering on a project and circumventing the public interest assessment requirement.

S.B. 933 amends current law relating to the authority of the Public Utility Commission of Texas to review transmission interconnections that enable imports or exports from the ERCOT power grid.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 37.051, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 37.051, Utilities Code, by adding Subsections (c-1), (c-2), and (c-3), as follows:

(c-1) Prohibits a person, including an electric utility or municipally owned utility, notwithstanding any other provision of this title except Section 11.009 (Construction With Federal Authority), and except as provided by Subsection (c-2), from interconnecting a facility to the Electric Reliability Council of Texas (ERCOT) transmission grid that enables additional power to be imported into or exported out of the ERCOT power grid unless the person obtains a certificate from the Public Utilities Commission (PUC) stating that public convenience and necessity requires or will require the interconnection. Requires the person to apply for the certificate not later than the 180th day before the date the person seeks any order from the Federal Energy Regulatory Commission related to the interconnection. Requires PUC to apply Section 37.056 (Grant or Denial of Certificate) in considering an application under this subsection. Requires PUC, in addition, to determine that the application is consistent with the public interest before granting the certificate. Authorizes PUC to adopt rules necessary to

implement this subsection. Provides that this subsection does not apply to a facility that is in service on December 31, 2014.

(c-2) Requires PUC, not later than the 185th day after the date the application is filed, to approve an application filed under Subsection (c-1) for a facility that is to be constructed under an interconnection agreement appended to an offer of settlement approved in a final order of the Federal Energy Regulatory Commission that was issued in Docket No. TX11-01-001 on or before December 31, 2014, directing physical connection between the ERCOT and SERC regions under Sections 210, 211, and 212 of the Federal Power Act (16 U.S.C. Sections 824i, 824j, and 824k). Authorizes PUC, in approving the application, to prescribe reasonable conditions to protect the public interest that are consistent with the final order of the Federal Energy Regulatory Commission.

(c-3) Provides that nothing in Subsection (c-1) or (c-2) is intended to restrict the authority of PUC or the independent organization certified under Section 39.151 (Essential Organizations) for the ERCOT power region to adopt rules or protocols of general applicability.

SECTION 2. Effective date: September 1, 2015.