

1-1 By: Hancock S.B. No. 1941  
1-2 (In the Senate - Filed March 7, 2019; March 19, 2019, read  
1-3 first time and referred to Committee on Business & Commerce;  
1-4 April 9, 2019, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 9, 2019,  
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1941 By: Hancock

1-19 A BILL TO BE ENTITLED  
1-20 AN ACT

1-21 relating to use of electric energy storage facilities in the ERCOT  
1-22 power region.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 35.151, Utilities Code, is amended to  
1-25 read as follows:

1-26 Sec. 35.151. ELECTRIC ENERGY STORAGE. This subchapter  
1-27 applies only to the ownership or operation of electric energy  
1-28 storage equipment or facilities in the ERCOT power region that are  
1-29 intended to:

1-30 (1) provide energy or ancillary services at wholesale,  
1-31 including electric energy storage equipment or facilities listed on  
1-32 a power generation company's registration with the commission or,  
1-33 for an exempt wholesale generator, on the generator's registration  
1-34 with the Federal Energy Regulatory Commission; or

1-35 (2) provide reliable delivery of electric energy to  
1-36 retail customers.

1-37 SECTION 2. Subchapter E, Chapter 35, Utilities Code, is  
1-38 amended by adding Section 35.153 to read as follows:

1-39 Sec. 35.153. CONTRACTS FOR ELECTRIC ENERGY STORAGE FOR  
1-40 RELIABILITY SERVICES. (a) A transmission and distribution  
1-41 utility, with the approval of the commission, may contract with the  
1-42 owner or operator of an electric energy storage facility to provide  
1-43 electric energy from an electric energy storage facility to ensure  
1-44 reliable service to retail customers.

1-45 (b) The commission may not authorize ownership of an  
1-46 electric energy storage facility by a transmission and distribution  
1-47 utility.

1-48 (c) Before entering into a contract under Subsection (a),  
1-49 the transmission and distribution utility must issue a request for  
1-50 proposals for use of an electric energy storage facility to meet the  
1-51 utility's reliability needs.

1-52 (d) A transmission and distribution utility may enter into a  
1-53 contract under Subsection (a) only if use of an electric energy  
1-54 storage facility is more cost-effective than construction or  
1-55 modification of traditional distribution facilities.

1-56 (e) A transmission and distribution utility may not enter  
1-57 into a contract under Subsection (a) that reserves an amount of  
1-58 capacity exceeding the amount of capacity required to ensure  
1-59 reliable service to the utility's retail customers.

1-60 (f) An owner or operator of an electric energy storage

2-1 facility subject to a contract under Subsection (a) may sell  
2-2 electric energy or ancillary services through use of the facility  
2-3 only to the extent that the owner or operator reserves capacity as  
2-4 required by the contract.

2-5 (g) An owner or operator of an electric energy storage  
2-6 facility subject to a contract under Subsection (a) may not  
2-7 discharge the facility for reliability purposes unless directed by  
2-8 the transmission and distribution utility.

2-9 (h) A contract under Subsection (a) must require an owner or  
2-10 operator of an electric energy storage facility to reimburse a  
2-11 transportation and distribution utility for the cost of  
2-12 administrative penalties assessed against the utility for a  
2-13 violation caused by the facility's failure to meet the requirements  
2-14 of the agreement.

2-15 (i) In establishing the rates of a transmission and  
2-16 distribution utility, a regulatory authority shall review a  
2-17 contract between the utility and an owner or operator of an electric  
2-18 energy storage facility under Subsection (a). The utility has the  
2-19 burden of proof to establish that the costs of the contract are  
2-20 reasonable and necessary. The regulatory authority may authorize a  
2-21 transmission and distribution utility to earn a reasonable return  
2-22 on the present value of future payments required under the  
2-23 contract.

2-24 (j) The total amount of electric energy storage capacity  
2-25 reserved by contracts under Subsection (a) may not exceed 40  
2-26 megawatts. The commission shall by rule establish the maximum  
2-27 amount of electric energy storage capacity allotted to each  
2-28 transmission and distribution utility.

2-29 (k) The commission shall adopt rules as necessary to  
2-30 implement this section and establish criteria for approving  
2-31 contracts under Subsection (a).

2-32 SECTION 3. The Public Utility Commission of Texas shall  
2-33 adopt rules required by Section 35.153, Utilities Code, as added by  
2-34 this Act, as soon as practicable after the effective date of this  
2-35 Act.

2-36 SECTION 4. This Act takes effect September 1, 2019.

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