

1-1 By: Hancock S.B. No. 1278  
 1-2 (In the Senate - Filed March 9, 2021; March 18, 2021, read  
 1-3 first time and referred to Committee on Business & Commerce;  
 1-4 April 7, 2021, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 7, Nays 2; April 7, 2021,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

|                 | Yea | Nay | Absent | PNV |
|-----------------|-----|-----|--------|-----|
| 1-8 Hancock     | X   |     |        |     |
| 1-9 Nichols     | X   |     |        |     |
| 1-10 Campbell   | X   |     |        |     |
| 1-11 Creighton  | X   |     |        |     |
| 1-12 Johnson    | X   |     |        |     |
| 1-13 Menéndez   |     | X   |        |     |
| 1-14 Paxton     | X   |     |        |     |
| 1-15 Schwertner | X   |     |        |     |
| 1-16 Whitmire   |     | X   |        |     |

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1278 By: Hancock

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

1-21 relating to the responsibility for ancillary services costs  
 1-22 incurred for the operation of intermittent generation resources.

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

1-24 SECTION 1. Section 35.004(e), Utilities Code, is amended to  
 1-25 read as follows:

1-26 (e) The commission shall ensure that ancillary services  
 1-27 necessary to facilitate the transmission of electric energy are  
 1-28 available at reasonable prices with terms and conditions that are  
 1-29 not unreasonably preferential, prejudicial, discriminatory,  
 1-30 predatory, or anticompetitive. The commission shall require  
 1-31 intermittent generation resources in the ERCOT power region to  
 1-32 purchase ancillary services and replacement power sufficient to  
 1-33 manage net load variability. In this subsection, "ancillary  
 1-34 services" means services necessary to facilitate the transmission  
 1-35 of electric energy including load following, standby power, backup  
 1-36 power, reactive power, and any other services as the commission may  
 1-37 determine by rule. On the introduction of customer choice in the  
 1-38 ERCOT power region, acquisition of generation-related ancillary  
 1-39 services on a nondiscriminatory basis by the independent  
 1-40 organization in ERCOT on behalf of entities selling electricity at  
 1-41 retail shall be deemed to meet the requirements of this subsection.

1-42 SECTION 2. The Public Utility Commission of Texas shall  
 1-43 adopt any rules required to implement Section 35.004(e), Utilities  
 1-44 Code, as amended by this Act, not later than January 1, 2022.

1-45 SECTION 3. This Act takes effect September 1, 2021.

1-46 \* \* \* \* \*