

1-1 By: King, Kolkhorst, Schwertner S.B. No. 2015
 1-2 (In the Senate - Filed March 9, 2023; March 13, 2023, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 March 31, 2023, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 7, Nays 3; March 31, 2023,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Schwertner	X			
1-9 King	X			
1-10 Birdwell			X	
1-11 Campbell	X			
1-12 Creighton	X			
1-13 Johnson		X		
1-14 Kolkhorst	X			
1-15 Menéndez		X		
1-16 Middleton	X			
1-17 Nichols	X			
1-18 Zaffirini		X		

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 2015 By: King

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to the legislature's goals for electric generation
 1-24 capacity in this state.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 39.9044, Utilities Code, is amended to
 1-27 read as follows:

1-28 Sec. 39.9044. GOAL FOR DISPATCHABLE GENERATION [~~NATURAL~~
 1-29 ~~GAS~~]. (a) It is the intent of the legislature that 50 percent of
 1-30 the megawatts of generating capacity installed in the ERCOT power
 1-31 region [~~this state~~] after January 1, 2024 [~~2000~~], be sourced from
 1-32 dispatchable generation [~~use natural gas~~]. [~~To the extent~~
 1-33 ~~permitted by law, the commission shall establish a program to~~
 1-34 ~~encourage utilities to comply with this section by using natural~~
 1-35 ~~gas produced in this state as the preferential fuel. This section~~
 1-36 ~~does not apply to generating capacity for renewable energy~~
 1-37 ~~technologies.~~]

1-38 (b) The commission shall establish a dispatchable
 1-39 generation [~~natural gas energy~~] credits trading program. Any power
 1-40 generation company, municipally owned utility, or electric
 1-41 cooperative that does not satisfy the requirements of Subsection
 1-42 (a) by directly owning or purchasing rights to dispatchable
 1-43 generation capacity [~~using natural gas technologies~~] shall
 1-44 purchase sufficient dispatchable generation [~~natural gas energy~~]
 1-45 credits to satisfy the requirements of this section [~~by holding~~
 1-46 ~~natural gas energy credits in lieu of capacity from natural gas~~
 1-47 ~~energy technologies~~].

1-48 (c) The [~~Not later than January 1, 2000, the~~] commission
 1-49 shall adopt rules necessary to administer and enforce this section
 1-50 [~~and to perform any necessary studies in cooperation with the~~
 1-51 ~~Railroad Commission of Texas~~]. At a minimum, the rules must
 1-52 [~~shall~~]:

1-53 (1) describe how the commission will calculate
 1-54 [~~establish~~] the [~~minimum~~] annual dispatchable [~~natural gas~~]
 1-55 generation requirement for each power generation company,
 1-56 municipally owned utility, and electric cooperative operating in
 1-57 the ERCOT power region [~~this state~~] in a manner reasonably
 1-58 calculated by the commission to produce[, ~~on a statewide basis,~~]
 1-59 compliance with the requirement prescribed by Subsection (a); and

1-60 (2) specify reasonable performance standards that all

2-1 dispatchable generation [~~natural gas~~] capacity additions must meet
 2-2 to count against the requirement prescribed by Subsection (a) and
 2-3 that:

2-4 (A) are designed and implemented [~~operated~~] so as
 2-5 to maximize reliability [~~the energy output from the capacity~~
 2-6 ~~additions in accordance with then-current industry standards and~~
 2-7 ~~best industry standards~~]; and

2-8 (B) encourage the development, construction, and
 2-9 operation of new natural gas energy projects at those sites in the
 2-10 ERCOT power region [~~this state~~] that have the greatest economic
 2-11 potential for capture and development of this state's
 2-12 environmentally beneficial natural gas resources.

2-13 (d) On or before January 1, 2025, the commission shall
 2-14 activate the dispatchable generation credits trading program
 2-15 established by this section if the commission determines that
 2-16 dispatchable generation may provide less than 55 percent of all new
 2-17 generating capacity installed in the ERCOT power region after
 2-18 January 1, 2024. Not later than the 180th day after the date of the
 2-19 program's activation, the commission by rule shall determine the
 2-20 conditions for compliance and penalties for noncompliance for each
 2-21 power generation company, municipally owned utility, and electric
 2-22 cooperative subject to the program. The commission may adopt rules
 2-23 providing for alternative compliance payments [~~The commission,~~
 2-24 ~~with the assistance of the Railroad Commission of Texas, shall~~
 2-25 ~~adopt rules allowing and encouraging retail electric providers and~~
 2-26 ~~municipally owned utilities and electric cooperatives that have~~
 2-27 ~~adopted customer choice to market electricity generated using~~
 2-28 ~~natural gas produced in this state as environmentally beneficial.~~
 2-29 ~~The rules shall allow a provider, municipally owned utility, or~~
 2-30 ~~cooperative to:~~

2-31 [~~(1) emphasize that natural gas produced in this state~~
 2-32 ~~is the cleanest-burning fossil fuel; and~~

2-33 [~~(2) label the electricity generated using natural gas~~
 2-34 ~~produced in this state as "green" electricity].~~

2-35 (e) In this section, "dispatchable generation" [~~"natural~~
 2-36 ~~gas technology"~~] means generating technologies other than
 2-37 technologies considered non-dispatchable under Section 39.159(a),
 2-38 as added by Chapter 426 (S.B. 3), Acts of the 87th Legislature,
 2-39 Regular Session, 2021 [~~any technology that exclusively relies on~~
 2-40 ~~natural gas as a primary fuel source].~~

2-41 (f) The independent organization certified under Section
 2-42 39.151 for the ERCOT power region shall establish a tracking system
 2-43 to award dispatchable generation credits to new dispatchable
 2-44 generation facilities that meet eligibility requirements
 2-45 established by the commission. Each megawatt of installed
 2-46 dispatchable generation capacity energized after January 1, 2024,
 2-47 is eligible for one dispatchable generation credit.

2-48 (g) Not later than September 15 of each year, the
 2-49 independent organization certified under Section 39.151 for the
 2-50 ERCOT power region shall file with the commission a report on all
 2-51 generating facilities energized in the ERCOT power region during
 2-52 the prior year that includes a calculation of whether the prior
 2-53 year's installed dispatchable generation capacity is in compliance
 2-54 with this section.

2-55 (h) Not later than January 15 of each year, the commission
 2-56 shall notify each power generation company, municipally owned
 2-57 utility, and electric cooperative of the power generation
 2-58 company's, municipally owned utility's, or electric cooperative's
 2-59 dispatchable generation credits requirement for the prior year, if
 2-60 any.

2-61 (i) Each power generation company, municipally owned
 2-62 utility, or electric cooperative shall retire sufficient
 2-63 dispatchable generation credits to meet the power generation
 2-64 company's, municipally owned utility's, or electric cooperative's
 2-65 dispatchable generation credits requirement not later than an
 2-66 annual deadline established by the commission.

2-67 SECTION 2. Section 40.004, Utilities Code, is amended to
 2-68 read as follows:

2-69 Sec. 40.004. JURISDICTION OF COMMISSION. Except as

3-1 specifically otherwise provided in this chapter, the commission has
3-2 jurisdiction over municipally owned utilities only for the
3-3 following purposes:

3-4 (1) to regulate wholesale transmission rates and
3-5 service, including terms of access, to the extent provided by
3-6 Subchapter A, Chapter 35;

3-7 (2) to regulate certification of retail service areas
3-8 to the extent provided by Chapter 37;

3-9 (3) to regulate rates on appeal under Subchapters D
3-10 and E, Chapter 33, subject to Section 40.051(c);

3-11 (4) to establish a code of conduct as provided by
3-12 Section 39.157(e) applicable to anticompetitive activities and to
3-13 affiliate activities limited to structurally unbundled affiliates
3-14 of municipally owned utilities, subject to Section 40.054;

3-15 (5) to establish terms and conditions for open access
3-16 to transmission and distribution facilities for municipally owned
3-17 utilities providing customer choice, as provided by Section 39.203;

3-18 (6) to administer the renewable energy credits program
3-19 under Section 39.904(b) and the dispatchable generation [~~natural~~
3-20 ~~gas energy~~] credits program under Section 39.9044(b);

3-21 (7) to require reports of municipally owned utility
3-22 operations only to the extent necessary to:

3-23 (A) enable the commission to determine the
3-24 aggregate load and energy requirements of the state and the
3-25 resources available to serve that load; or

3-26 (B) enable the commission to determine
3-27 information relating to market power as provided by Section 39.155;
3-28 and

3-29 (8) to evaluate and monitor the cybersecurity
3-30 preparedness of a municipally owned utility described by Section
3-31 39.1516(a)(3) or (4).

3-32 SECTION 3. This Act takes effect September 1, 2023.

3-33 * * * * *