

88th Legislative Session Wrap-Up

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88th Regular Legislative Session Overview

	87 th Legislative Session	88 th Legislative Session
Bills Filed	6,927	8,046
Electricity Bills Filed	311	257
Bills Passed	1,073 (15.5%)	1,246 (15.5%)
Vetoed	21	76

- High veto number due to House and Senate failure to agree on Governor's priorities on property tax and school vouchers
- Electric themes: ERCOT reliability and resource adequacy, adding costs to renewables, affordability, local preemption
- Key electric bills: HB 1500 (electric omnibus), SB 2627 (loan program)



HB 1500 – PUC Sunset/Omnibus Electric Bill

HB 1500 — Sunset bill for PUC, ERCOT, & OPUC

- Became omnibus electric bill towards end of legislative session with many stand-alone bills added
- Includes governance changes to PUC/ERCOT



Key Provisions:

- Guardrails and cost cap on PUC's Performance Credit Mechanism (PCM) market design
- "Firming requirement" for new renewables starting in 2027
- "Reasonable" interconnection cost allowance limit for generators starting in 2026
- New ancillary service: Dispatchable Reliability Reserve Service (DRRS)
- Grid Reliability Legislative Oversight Committee
- Renewable Energy Credit (REC) program repealed and replaced with voluntary program
- Studies/reports: TDU circuit segmentation, PCM costs and benefits, ancillary services cost allocation, market clearing price, market manipulation, retail electric market, conflict of interest, dispatchable and non-dispatchable generation



New Investment Incentives

- [SB 2627](#) & [SJR 93](#) — Includes \$5B (appropriated) for three programs under Texas Energy Fund pending voter approval
 - Program to build new 100 MW or more dispatchable power plants in ERCOT and make necessary improvements to existing generation (increase of 100 MW)
 - Dispatchable means the “facility's output can be controlled primarily by forces under human control”
 - Electric energy storage facility *excluded*
 - Program for micro-grid resiliency grants under “Texas Power Promise”
 - Subject to PUC implementation discretion
 - Grants for non-ERCOT utility resiliency
- [HB 5](#) — New property tax abatement incentive program, replaces Chapter 313
 - Excludes renewables and energy storage projects
 - Explicitly includes new dispatchable projects (same definition as above) and defines what projects qualify



Energy Efficiency & Emerging Technologies

- **Electric vehicles:**

- [SB 505](#) – \$400/\$200 additional fee for EV registration/renewal
- [SB 1001](#) – Texas Department of Licensing Registration (TDLR) authority over EV chargers
- [SB 1002](#) – Prohibits TDUs from directly owning EV chargers (does not apply to AE)
- [SB 1732](#) – TDLR compatibility standards for publicly-funded chargers

- **Distributed Energy Resources:**

- [SB 1699](#) – Enables PUC's aggregated DER pilot + new REP demand response program
- [HB 3390](#) – DER information submitted to ERCOT

- **Energy efficiency:**

- Several EE bills **failed** ([SB 258](#), [HB 4811](#), [SB 2453](#)) including PUC's recommended Texas Energy Efficiency Council

- **Other emerging technologies:**

- Geothermal: [SB 786](#) (geothermal injection wells), [SB 1210](#) (orphaned well adoption), [SB 785](#) (geothermal mineral rights)
- [HB 2847](#) (hydrogen pipelines and subsurface storage), [HB 4885](#) (New TERP hydrogen grant program)



Bills Targeted at AE and Municipally Owned Utilities

Bills Directed at AE and Municipally Owned Utilities (FAILED)

- [SB 853 \(Hancock\)](#) – Allowed appeal of AE rates to PUC for comparison and alignment with competitive market
- [SB 1110 \(Schwertner\)](#) – Prohibited transfers from MOUs to city and disallowed GFT in cost of service
- [HB 3939 \(Goodwin\)](#) – Directed PUC and TDEM to study costs/benefits of burying power lines
- [HB 3941 \(Goodwin\)](#) – MOU vegetation management reporting to PUC
- [HB 3943 \(Goodwin\)](#) – External audits of MOUs with extended outages (10% of customers/5 days)
- [HB 4207 \(Troxclair\)](#) – Conditioned GFT on PUC approval of vegetation management
- [HB 4208 \(Troxclair\)](#) – Mandated independent governing board for AE
- [HB 4209 \(Troxclair\)](#) – Similar to SB 853 with GFT restrictions
- [HB 4211 \(Troxclair\)](#) – Prevented MOUs from owning generation under certain circumstances
- [HB 4212 \(Troxclair\)](#) – Required AE opt into retail competition
- [HB 4213 \(Troxclair\)](#) – Required AE to unbundle owned generation and limits AE rates to half of market average

Lubbock Power and Light Bills to finalize transition to retail competition (PASSED)

- [SB 1170 \(Perry\)](#) - Allows MOU who opts into retail electric competition to choose not to be a retail provider
- [HB 2664 \(Tepper\)](#) - Allows needed disclosure of customer information to facilitate retail competition



Additional Resources

- **PUC Summary of the 88th Legislative Session**
Project No. 55156, Implementation of Legislative Activities
- **Legislative Update to ERCOT Board of Directors**



Thank you!



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