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%)
Vetoes	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



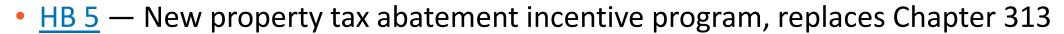
Key Provisions:

- 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- Renewable Energy Credit (REC) program repealed and replaced with voluntary program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

- <u>SB 2627</u> & <u>SJR 93</u> 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



- 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
- <u>SB 1001</u> Texas Department of Licensing Registration (TDLR) authority over EV chargers
- SB 1002 Prohibits TDUs from directly owning EV chargers (does not apply to AE)
- <u>SB 1732</u> TDLR compatibility standards for publicly-funded chargers

• Distributed Energy Resources:

- <u>SB 1699</u> 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: <u>SB 786</u> (geothermal injection wells), <u>SB 1210</u> (orphaned well adoption), <u>SB 785</u> (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



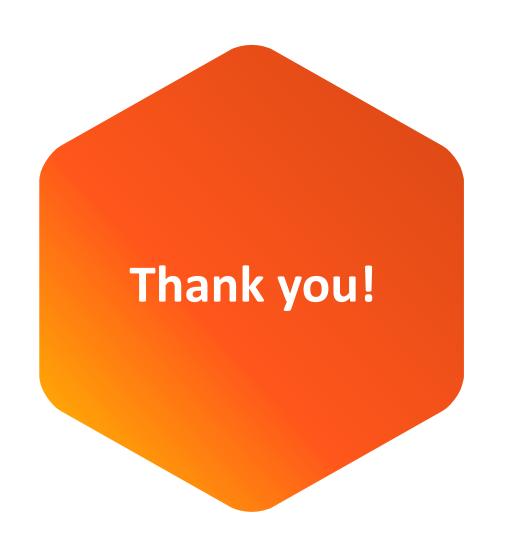
Additional Resources

PUC Summary of the 88th Legislative Session

Project No. 55156, Implementation of Legislative Activities

Legislative Update to ERCOT Board of Directors







Customer Driven. Community Focused.