

## **BILL ANALYSIS**

Senate Research Center  
84R15920 GRM-F

C.S.S.B. 933  
By: Fraser  
Natural Resources & Economic Development  
3/24/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The interconnection of new large direct current (DC) ties between the Electric Reliability Council of Texas (ERCOT) system and neighboring regional transmission organizations could have a significant impact on price formation, resource dispatch practices, reliability, the quantity and cost of ancillary services, and resource adequacy.

During times of system stress and high prices, ERCOT could use the DC ties as resources, importing power over the tie to alleviate strain on the system and moderate prices. When prices are low, exports over DC ties could provide broader markets for power producers in ERCOT. The impacts of new large DC ties on consumers and producers are varied and must be formally assessed by the Public Utility Commission of Texas (PUC).

C.S.S.B. 933 authorizes PUC to review and assess whether interconnection transmission projects with DC ties are in the public interest.

The committee substitute adds a provision that "any person," as well as any electric utility and municipally owned utility, must seek a certificate of convenience and necessity (CCN) to build transmission that will interconnect with DC ties. This is to prevent another entity from partnering on a project and circumventing the public interest assessment requirement.

C.S.S.B. 933 amends current law relating to the authority of the Public Utility Commission of Texas to review transmission interconnections that enable imports or exports from the ERCOT power grid.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 37.051, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 37.051, Utilities Code, by adding Subsection (c-1), as follows:

(c-1) Prohibits a person, including an electric utility or municipally owned utility, notwithstanding any other provision of this title, from interconnecting a facility to the Electric Reliability Council of Texas (ERCOT) transmission grid that enables additional power to be imported into or exported out of the ERCOT power grid unless the electric utility or municipally owned utility obtains a certificate from the Public Utility Commission of Texas (PUC) stating that public convenience and necessity requires or will require the interconnection. Requires PUC to apply Section 37.056 (Grant or Denial of Certificate) in considering an application under this subsection. Requires PUC, in addition, to determine that the application is consistent with the public interest before granting the certificate. Authorizes PUC to adopt rules necessary to implement this subsection. Provides that this subsection does not apply to a facility that is in service on December 31, 2014.

SECTION 2. Effective date: September 1, 2015.