

BILL ANALYSIS

Senate Research Center
82R5658 ALL-D

S.B. 943
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Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Various parts of the electricity continuum (generation, load, and transmission) are regulated differently. Energy storage is a developing technology that can increase reliability of the provision of electricity and have other benefits. However, it is unclear whether or how energy storage is regulated as its unique characteristics and capabilities and could be considered generation, load, transmission, or a hybrid. Currently, Texas law does not address the use of energy storage. There is no definition of this new technology in the Utilities Code.

S.B. 943 directs the Public Utility Commission (PUC) by rulemaking to classify energy storage separate from generation or transmission and distribution. This bill prevents PUC rules from prohibiting storage from providing generation, transmission, and distribution services. Furthermore, these rules allow utilities to own and/or acquire storage services through a third party for the purpose of transmission and distribution. This bill also requires PUC and ERCOT to include the need for energy storage capacity in the study of generation and transmission capacity needs.

As proposed, S.B. 943 amends current law relating to the classification and use of energy storage equipment or facilities and the provision of studies and reports regarding energy storage equipment or those facilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 31.006, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 31, Utilities Code, by adding Section 31.006, as follows:

Sec. 31.006. ENERGY STORAGE EQUIPMENT OR FACILITIES. (a) Requires the Public Utility Commission of Texas (PUC) by rule to classify energy storage equipment or facilities in this state as a separate class or separate classes of equipment or facilities, distinct from generation or transmission and distribution equipment or facilities. Prohibits a rule adopted under this section from prohibiting energy storage equipment or facilities from being used to provide a service related to the generation, transmission, or distribution of electricity in this state.

(b) Requires PUC by rule to provide a mechanism for a transmission and distribution utility to provide transmission and distribution services using energy storage equipment or facilities owned or operated by the utility or by another person.

SECTION 2. Amends Section 39.904(k), Utilities Code, as follows:

(k) Requires PUC and the independent organization certified for Electric Reliability Council of Texas (ERCOT) to study the need for increased transmission capacity, generation capacity, and energy storage capacity throughout this state and report to the legislature the results of the study and any recommendations for legislation. Requires

that the report be filed with the legislature not later than December 31 of each even-numbered year and may be filed as a part of the report required by Subsection (j). Makes a nonsubstantive change.

SECTION 3. Amends Sections 39.905(b-3) and (d), Utilities Code, as follows:

(b-3) Requires the PUC, not later than January 1, 2012, rather than beginning not later than January 1, 2008, in consultation with the State Energy Conservation Office, to compute and report , rather than annually for a period of five years to compute and report, to ERCOT the projected energy savings and demand impacts for each entity in the ERCOT region that administers standard offer programs, market transformation programs, combined heating and power technology, demand response programs, solar incentive programs, appliance efficiency standards, energy efficiency programs in public buildings, energy storage technology, and any other relevant programs that are reasonably anticipated to reduce electric energy or peak demand or that serve as substitutes for electric supply.

(d) Requires PUC to establish a procedure for reviewing and evaluating market-transformation program options described by this subsection and other options. Authorizes PUC, in evaluating program options, to consider the ability of a program option to reduce costs to customers through reduced demand, energy savings, and relief of congestion. Authorizes utilities to choose to implement any program option approved by PUC after its evaluation in order to satisfy the goal in Subsection (a) (relating to goals of utilities), including, among certain program options, thermal, chemical, mechanical, and electrical energy storage technology programs. Makes a nonsubstantive change.

SECTION 4. Effective date: September 1, 2011.