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**Filing Date - 2024-04-23 01:39:37 PM**

**Control Number - 55156**

**Item Number - 36**

# OPEN MEETING COVER SHEET

## MEMORANDUM

**MEETING DATE:** April 25, 2024

**DATE DELIVERED:** April 23, 2024

**AGENDA ITEM NO.:** #35

**CAPTION:** Project No. 55156 – *Implementation  
Activities 88<sup>th</sup> Legislature (R.S.)*

**DESCRIPTION:** Memo

# **Public Utility Commission of Texas**

## **Memorandum**

**TO:** Chairman Thomas Gleeson  
Commissioner Kathleen Jackson  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

**FROM:** Jess Heck, Director, Government Relations

**DATE:** April 23, 2024

**RE:** April 25, 2024 Open Meeting – Agenda Item No. 35  
Project No. 55156 – Implementation Activities 88th Legislature (R.S.)  
(Discussion and possible action)

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At the July 20, 2023 Open Meeting, the Commission approved Commission Staff's priority rulemaking plan. Attached, please find an updated chart with the status of priority and other legislative implementation projects. Progress has been made on all priority matters. Below is a high-level update by category.

### **Electricity**

There are six projects completed, eight ongoing, and two have had initial action taken. Rules or final orders were adopted on matters including *Transmission Interconnection Allowance* (HB 1500, §9, 88<sup>th</sup> Legislative Session), *Circuit Segmentation Study* (HB 1500, §13, 88<sup>th</sup> Legislative Session), *Renewable Energy Credit Program* (HB 1500 multiple sections, 88<sup>th</sup> Legislative Session), *Resiliency Plans* (HB 2555, 88<sup>th</sup> Legislative Session), *Substation Notice* (SB 365, 88<sup>th</sup> Legislative Session), and *Emergency Pricing Program* (SB 3, §18, 87th Legislative Session),

Notable progress has been made on the three separate projects pertaining to the *Texas Energy Fund*, (SB 2627, 88<sup>th</sup> Legislative Session).

- *Project 55407, Texas Backup Power Package Advisory Committee Rulemaking.* The Commission adopted rules at the November 2, 2023 Open Meeting. On January 17, 2024 the PUCT Executive Director appointed nine members to serve on the Texas Backup Power Package Advisory Committee. An additional project has been opened.

- to file house meeting minutes and other relevant documents at the discretion of the Advisory Committee, Project 56176.
- *Project 55826, In-ERCOT Generation Loan Program.* On January 25, 2024 Commission Staff held a public workshop on this matter. The Commission adopted the rule at the March 21, 2024 Open Meeting.
- *Project 55812, Completion Bonus Grant Program.* The Commission is considering this matter at the April 25, 2024 Open Meeting.

Commission Staff continues to work diligently on implementing HB 5066 (88<sup>th</sup> Legislative Session), Regional Transmission Reliability Plans. The Commission has directed ERCOT to develop and file a Reliability Plan for the Permian Basin by July 2024.

### **Water**

Three projects are completed, with one ongoing. The three completed projects include *Initial Acquisition Rates* (HB 1484, 87<sup>th</sup> Legislative Session), and *Water Rate Appeals* (HB 3689, 87<sup>th</sup> Legislative Session and SB 387, 87<sup>th</sup> Legislative Session).

### **Telecommunications**

The Commission approved a complete review of Chapter 26, Substantive Rules Applicable to Telecommunication Providers at the November 30, 2023 Open Meeting. This Rule Review encompassed the three priority rulemakings under this section, *Affiliate and Trade Association Tariff Filings* (HB 1597, 88<sup>th</sup> Legislative Session), *Small ILEC Adjustments under Small and Rural Plan* (SB 1425, 88<sup>th</sup> Legislative Session), and *TUSF Support Levels and Eligibility Criteria* (SB 1710, 88<sup>th</sup> Legislative Session).

Additionally, to increase transparency on PUCT rulemaking matters, on the PUCT Website, a Government Relations page was added. This webpage has Bill Implementation Charts for the 87<sup>th</sup> and 88<sup>th</sup> Legislative Session available in a downloadable PDF format. The documents summarize the PUCT's progress in implementing statutory requirements that affect the organization: <https://www.puc.texas.gov/agency/about/government-relations/>

Commission Staff is available to discuss this update further at the Open Meeting.

# Legislative Implementation – April 22, 2024 Update

## Electric

Legislation	Description	Project Status
<b>HB 1500, §7</b> Voluntary Mitigation Plans Effective: 9/1/23	Revises the standards and process by which Voluntary Mitigation Plans (VMP) are reviewed and approved or denied by the commission. Increases the authorized penalty for violations of VMPs.	<b><u>Ongoing</u></b> Project No. 55948 – Review of Voluntary Mitigation Plan Requirements. P-55955 -Review of Administrative Penalty Authority Related to Voluntary Mitigation Plans. Final adoption orders scheduled for consideration at the 04/25/2024 Open Meeting (OM).
<b>HB 1500, §9</b> Transmission Interconnection Allowance Effective: 9/1/23	Requires the Commission to establish a reasonable allowance for costs incurred by transmission-owning utilities to interconnect generation resources to the ERCOT transmission system.	<b><u>Completed</u></b> Project No. 55566 – <i>Generation Interconnection Allowance</i> On November 7, 2023 the Commission held a Generation Interconnection Allowance Public Workshop. The Commission adopted this rule on 2/15/2024.
<b>HB 1500, §13</b> Circuit Segmentation Study Effective: 9/1/23 <i>9/1/24 deadline for utility study submissions</i>	Requires the Commission to direct each transmission and distribution utility to perform a circuit segmentation study and report the results of the study to the Commission by September 1, 2024.	<b><u>Completed</u></b> Project No. 55182 – <i>Circuit Segmentation Study</i> Final order issued by the Commission at 9.14 open meeting. Future Commission action will be required in 2024 to review submitted studies.

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<b>HB 1500, §15, §16, §17</b>		
ERCOT Directives	Clarifies the methods by which the Commission can issue directives to ERCOT and requires the Commission to adopt a rule outlining procedure related to issuing directives to ERCOT.	<p><b><u>Initial Action Completed</u></b> Project No. 52301, <i>ERCOT Governance and Related Issues</i></p> <p>The Commission approved an interim process for issuing ERCOT directives in compliance with HB 1500.</p> <p>Future Commission action required to memorialize final process in rule.</p>
Effective: 9/1/23		
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<b>HB 1500, §22</b>		
Dispatchable Reliability Reserve Services (DRRS)	Requires the Commission to direct ERCOT to develop and implement an ancillary services program to procure dispatchable reliability reserve services.	<p><b><u>Initial Action Completed</u></b> The Commission has provided direction to ERCOT during several OM discussions.</p> <p>Decision taken to Implement standalone DRRS after or with the implementation of Real-Time CoOptimization, November 2023.</p>
Effective: 9/1/23		
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<b>HB 1500, §40</b>		
Significant Power Outage	Allows a transmission and distribution utility to lease and operate facilities that provide temporary emergency electric energy to aid in restoring power in certain circumstances.	<p><b><u>Ongoing</u></b> Project No. 53404, <i>Restoration of Power After a Widespread Outage</i></p> <p>Commission Staff is currently working on a proposal for publication for consideration at an upcoming OM.</p>
Effective: 9/1/23		
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<b>HB 1500, Multiple Sections</b>		
Renewable Energy Credit Program	Repeals the targets for installation of generation capacity from renewable energy technologies and requires ERCOT to maintain an accreditation banking system to award and track voluntary renewable energy credits.	<p><b><u>Completed</u></b> Project No. 55323, <i>Review of Renewable Portfolio Standard</i></p> <p>The Commission adopted this rule on 11/30/2023.</p>
Effective: 9/1/23		

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<b>HB 2555</b> Resiliency Plans Effective: 6/13/23	Requires the Commission to adopt a rule allowing electric utilities to file a resiliency plan to enhance the resiliency of the utility's transmission and distribution system.	<u><b>Completed</b></u> Project No. 55250, <i>Transmission and Distribution System Resiliency Plans</i> The Commission adopted this rule on 1/18/2024.
<b>HB 5066</b> Regional Transmission Reliability Plans Effective: 6/13/23	Requires the Commission to direct ERCOT to develop reliability plans for regions with insufficient transmission capacity. Further, the Commission must also direct ERCOT to develop a reliability plan for the Permian Basin region.	<u><b>Ongoing</b></u> Project No. 55249, <i>Regional Transmission Reliability Plans</i> Order directing ERCOT to develop and file a Reliability Plan for the Permian Basin Region by July 2024. Additional rulemaking will be required to fully implement.
<b>SB 365</b> Notice to property owners about proposed substation Effective: 9/1/23	Requires an applicant for an electric certificate of convenience and necessity to provide notice of each proposed substation to adjacent property owners.	<u><b>Completed</b></u> Project No. 55153, <i>Review of §22.52</i> The Commission adopted this rule on 11/30/2023.
<b>SB 1076</b> Electric Transmission CCN evaluation timeline Effective: 6/2/23	Reduces the time the Commission has to consider electric certificate of convenience and necessity applications from 360 to 180 days. This rulemaking will amend procedural requirements to enable the Commission to meet this condensed evaluation timeframe.	<u><b>Ongoing</b></u> Project No. 55153, <i>Review of §22.52</i> The Commission adopted this rule on 11/30/2023. Additionally, Project No. 56253, <i>Review of §22.104</i> was opened to support implementation and is scheduled for adoption at the 4/25/2024 OM.

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		Future rulemaking action required to fully implement SB 1076.
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<b>SB 2627</b>		
Texas Energy Fund	Establishes the Texas Energy Fund. Requires the Commission to establish procedures for applying for a loan for construction of dispatchable electric generation facilities within the State, evaluation criteria, and terms for repayment.	<b><u>Ongoing</u></b> Project No. 54999, <i>Texas Energy Fund</i>
Effective on adoption of const. amendment		Commission Staff is working on 3 different projects to implement SB2627.
6.1.24 deadline for accepting applications		Project No. 55407, <i>Texas Backup Power Package Advisory Committee Rulemaking</i>
		The Commission adopted this rule on 11/2/2023.
		Project No. 55826, <i>Texas Energy Fund In-ERCOT Generation Loan Program</i>
		The Commission adopted this rule on 3/21/2024.
		Project No. 55812, <i>Texas Energy Fund Completion Bonus Grant Program</i>
		Proposal for Adoption scheduled for 4/25/2024 OM.
		Additional rulemakings will be required to fully implement SB 2627.
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<b>SB 415 (87<sup>th</sup>)</b>		
Energy Storage for Reliability Services	Allows a transmission and distribution utility to contract with a power generation company to provide electric energy from an electric energy storage facility to ensure reliable service to distribution customers.	<b><u>Ongoing</u></b> Project No. 53404, <i>Restoration of Power After a Widespread Outage</i>
		Commission Staff has engaged with multiple stakeholder



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		groups on related issues and is finalizing a proposal for publication for consideration at an upcoming OM.
<b>SB 3, §18 (87<sup>th</sup>)</b>		
Emergency Pricing Program	Requires the creation of an emergency pricing program for ERCOT's wholesale electric market.	<b><u>Completed</u></b> Project No. 54585, <i>Emergency Pricing Program</i>
Effective: 6/8/21		The Commission adopted this rule on 11/30/2023.
<b>SB 1015</b>		
Periodic rate adjustments for electric utilities	Revises the administrative process for periodic adjustment and recovery of utility's distribution related costs.	<b><u>Ongoing</u></b> Project No. 56199, <i>Review of Distribution Cost Recovery Factor</i>
Effective: 9/1/23		Staff working on drafting a PFP
<b>SB 3, (87<sup>th</sup>)</b>		
Reliability Standard in the ERCOT Power Region	Establishes an appropriate reliability standard in the ERCOT power region.	<b><u>Ongoing</u></b> Project No. 54584, <i>Reliability Standard for the ERCOT market</i>
Effective: 6/8/21		Reliability Standard Technical Conference scheduled for May 2, 2024.

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### Water

Legislation	Description	Project Status
<b>HB 1484 (87<sup>th</sup>)</b> Initial Acquisition Rates Effective: 9/1/21	Allows an acquiring water and sewer utility to apply an existing tariff to the customers of an acquired utility.	<b><u>Completed</u></b> Project No. 53924, <i>Water and Sewer Utility Rates After Acquisition</i>  The Commission adopted this rule on 3/21/2024.
<b>HB 3689 (87<sup>th</sup>)</b> Water Rate Appeals Effective: 9/1/21	Clarifies that in a water rate appeal, the Commission must ensure that every appealed rate is just and reasonable.	<b><u>Completed</u></b> Project No. 54932, <i>Review of §24.101 – Water Rate Appeals</i>  Final rule adopted at 9/14/2023 OM.
<b>SB 387 (87<sup>th</sup>)</b> Water Rate Appeals Effective: 9/1/21	Expands the Commission's appellate authority by allowing ratepayers to appeal water and sewer rates set by a municipally owned utility for ratepayers previously served by another retail public utility, in certain situations.	<b><u>Completed</u></b> Project No. 54932, <i>Review of §24.101 – Water Rate Appeals</i>  Final rule adopted at 9/14/2023 OM.
<b>HB 4559</b> <i>Review of §24.233 and 24.245</i> Effective: 9/1/23	Changes the county population threshold ranges for water CCN applications.	<b><u>Ongoing</u></b> Project No. 56223, <i>Review of §24.233 and 24.245</i>  Commission Staff is currently working on a proposal for publication for consideration at the 4/25/2024 OM.

## Legislative Implementation – April 22, 2024 Update

### Telecommunications

Legislation	Description	Project Status
<b>HB 1597</b> Affiliate and Trade Association Tariff Filings Effective: 9/1/23	Authorizes affiliates and trade associations to file a telecommunications tariff on behalf of a public utility and establishes an expedited process for Commission review of such tariffs.	<b><u>Completed</u></b> Project No. 54589, <i>Rule Review of Chapter 26</i> .  The Commission adopted this rule on 11/30/2023.
<b>SB 1425</b> Small ILEC Adjustments under Small and Rural Plan Effective: 5/19/23	Requires small incumbent local exchange companies seeking adjustments to support amounts under the Small and Rural Plan of the Texas Universal Service Fund to publicly submit operational information, such as rate of return, every calendar year.	<b><u>Completed</u></b> Project No. 54589, <i>Rule Review of Chapter 26</i> .  The Commission adopted this rule on 11/30/2023.
<b>SB 1710</b> TUSF Support Levels and Eligibility Criteria Effective: 5/19/23	Amends support amounts available under the Small and Rural Plan and High Cost Plan of the Texas Universal Service Fund for eligible telecommunications providers and adds provisions relating to the expiration and relinquishment of Texas Universal Service Fund support.	<b><u>Completed</u></b> Project No. 54589, <i>Rule Review of Chapter 26</i> .  The Commission adopted this rule on 11/30/2023.