

SB 589 -1 STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

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Meeting Dates: 3/4, 3/18

WHAT THE MEASURE DOES:

Requires State Department of Energy (ODOE), in coordination with the Public Utility Commission, to establish public process for purpose of investigating potential costs and benefits to electric utilities, power generation companies and retail electricity consumers that would arise from electric utilities participation in regional transmission organization (RTO). Requires public process to include investigations of potential effects of participation on certain factors. Directs ODOE to administratively require utilities to report on costs, process and timing of joining an RTO if ODOE determines electric utility participation in RTO is in the public's interest. Requires ODOE to report findings to interim committees of Legislative Assembly related to energy and business no later than September 15, 2022. Sunsets January 2, 2023.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Requires the State Department of Energy (ODOE), in consultation with the Public Utility Commission (PUC), to prepare a report identifying benefits, opportunities and challenges posed by the development or expansion of a regional transmission organization (RTO). Requires ODOE to review literature and relevant studies and reports made available between January 1, 2019 and July 1, 2021. Establishes 12-member review advisory committee. Requires ODOE, in consultation with PUC, to provide advisory committee with summary of reviews and scoping questions. Requires ODOE to hold at least two meetings with advisory committee to gather advice and gather written responses to scoping questions. Requires ODOE to gather advice from other entities and consider relevant reports, studies, literature or drafts made available before July 1, 2021. Requires ODOE to provide report to Legislative Assembly related to energy no later than December 31, 2021. Repeals Act January 2, 2022. Takes effect on 91st day following adjournment sine die

BACKGROUND:

According to the Federal Energy Regulatory Commission, a traditional wholesale electricity market is when utilities are responsible for system operations and management, and, typically, for providing power to retail consumers. Utilities in these markets are frequently vertically integrated – they own the generation, transmission and distribution systems used to serve electricity consumers. Wholesale physical power trade typically occurs through bilateral transactions.

Regional transmission organizations (RTO) operate transmission systems and develop procedures to manage transmission. Each RTO has energy and ancillary services markets in which buyers and sellers bid for or offer generation. The RTOs use bid-based markets to determine economic dispatch. While major sections of the country operate under more traditional market structures, two-thirds of the nation's electricity load is served in RTO regions.

Senate Bill 589 requires the State Department of Energy (ODOE), in consultation with the Public Utility Commission, to establish public process to investigate the potential costs and benefits that would arise from electric utilities participation in a regional transmission organization. Requires ODOE to report findings to interim committees of Legislative Assembly related to energy and business no later than September 15, 2022.