

BILL ANALYSIS

C.S.H.B. 2908
By: Patterson
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Concerns have been raised that federal renewable electricity tax credits may distort the pricing in ERCOT. C.S.H.B. 2908 seeks to address those concerns by requiring the Public Utility Commission of Texas and the ERCOT independent system operator to study potential rules, procedures, and protocols to eliminate or compensate for any such price distortion.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2908 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) and the ERCOT independent system operator to study potential rules, operating procedures, and protocols to eliminate or compensate for any distortion in electricity pricing in the ERCOT power region caused by a federal renewable electricity tax credit provided under federal law. The bill requires the PUC to request comments from interested parties as part of the study and requires the scope of the study to include the following:

- peak price formation;
- negative pricing;
- ancillary services;
- congestion;
- reserve margins; and
- transmission and distribution costs.

The bill requires the PUC to include the results of the study in the report on the scope of competition in electric markets to be submitted to the legislature before January 15, 2021. The bill's provisions expire September 1, 2021.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2908 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute does not include provisions requiring the PUC and the ERCOT independent system operator to adopt certain rules, operating procedures, and protocols to eliminate or compensate for any distortion in electricity pricing in the ERCOT power region caused by a federal tax credit and to eliminate certain other rules, operating procedures, and protocols. The substitute does include provisions requiring the PUC and the operator to study potential rules, operating procedures, and protocols to eliminate or compensate for any such distortion. The substitute includes provisions establishing the scope of the study.

The substitute includes a provision requiring the PUC to include the results of the study in a certain report to the legislature.

The substitute includes a provision setting its provisions to expire September 1, 2021.