

BILL ANALYSIS

C.S.H.B. 16
By: Hernandez
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that during Winter Storm Uri, which left millions of Texans without power for upwards of a week in February of this year, the spot price of wholesale electricity increased more than 10,000 percent to roughly \$9,000 per megawatt hour to incentivize power generation facilities to keep producing power early in the weather emergency. This left Texans who receive their electricity through electricity products indexed to the prices in the wholesale market and who were fortunate enough to not lose power facing astronomically high electric bills. C.S.H.B. 16 seeks to protect consumers and ensure that any future costs of a system-wide electric grid failure are not passed along to them through high bills by prohibiting the sale of these types of market-rate products.

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 rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 16 amends the Utilities Code to prohibit a retail electric provider from offering to a residential customer a wholesale indexed product in which the price the customer pays for electricity includes a direct pass-through of real-time settlement point prices determined by the independent organization certified by the Public Utility Commission of Texas (PUC) to perform certain essential market functions for the ERCOT power region. The bill requires the PUC to adopt any rules necessary to enforce that prohibition not later than December 1, 2021.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 16 differs from the original in minor or nonsubstantive ways by conforming to certain bill drafting conventions.