

BILL ANALYSIS

H.B. 2586
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State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

As a result of the extreme, record-setting freezing temperatures during Winter Storm Uri in February, more than 4.5 million Texas families were left without electricity or running water for several days after the ERCOT power grid lost almost half of its generation capacity and was forced to shed high load volume. The enormous power failure caused catastrophic property damages across Texas and took many lives. This tragedy led to a formal investigation by the legislature, during which testimony revealed multiple areas of mismanagement by the independent organization certified to provide service for the ERCOT power region. It has been noted that the ERCOT organization is not presently required to release its financial records or undergo an external audit. In the wake of the failures leading up to and during Winter Storm Uri, there have been calls for the ERCOT organization to be subjected to greater transparency requirements to protect consumers and ensure the reliability of the electric grid going forward. H.B. 2586 seeks to provide for an annual independent audit of the ERCOT organization with results submitted to the legislature and published online.

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

H.B. 2586 amends the Utilities Code to require the Public Utility Commission of Texas (PUC) to have an independent audit made annually of each independent organization that is certified by the PUC to perform certain essential market functions for the ERCOT power region. The audit must examine the following:

- the organization's financial condition, including its budget and expenses, and the salaries of the organization's employees and board members; and
- compliance of the organization's assets with all applicable PUC standards.

The bill requires the PUC, not later than the 60th day after the date an audit is completed, to publish the results of the audit on the PUC website and to submit the results to the legislature.

EFFECTIVE DATE

September 1, 2021.