

- SUBJECT:** Consolidation of certain proceedings on a CCN application
- COMMITTEE:** State Affairs — favorable, without amendment
- VOTE:** 12 ayes — Solomons, Menendez, Craddick, Farabee, Gallego, Geren, Harless, Hilderbran, Lucio III, Oliveira, Swinford, S. Turner
- 3 present not voting — Cook, Jones, Maldonado
- 0 nays
- WITNESSES:** For — Mike McKinney, Oncor, Association of Electric Companies of Texas
- Against — None
- On — Chuck Harder, CenterPoint Energy, American Electric Power-Texas, Southwestern Electric Power Company; (*Registered, but did not testify*: Barry Smitherman, Public Utility Commission)
- BACKGROUND:** A certificate of convenience and necessity (CCN) is a franchise from the state that delineates a utility's retail service area. A CCN requires the holder to provide continuous and adequate utility service to all of its retail customers. A CCN protects the utility from encroachment by other retail public utilities so it will have a stable customer base.
- Under Utilities Code, ch. 37, an electric utility may not directly or indirectly provide service to the public under a franchise or permit unless the utility first obtains a certificate from the Public Utility Commission (PUC) that states that the public convenience and necessity requires or will require the installation, operation, or extension of the service.
- Utilities Code, sec. 37.056 governs the process for issuing a CCN for new transmission facilities.
- DIGEST:** HB 3309 would amend the Utilities Code to require the PUC to consolidate CCN application proceedings for the construction of transmission lines if it were apparent that the lines that were the subject of separate proceedings shared a common point of interconnection.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 3309 would allow for consolidation of certain proceedings for issuing certificates of convenience and necessity (CCNs) so all potential line placements or power routes could be considered fully under one project to increase fairness and efficiency.

One line or project can be built by two or more entities, which currently requires two or more CCN proceedings and effectively builds a power line in pieces. Placement of one segment of the line determines where the rest of the line will go, so it only makes sense to consolidate the CCN applications for a common point of interconnection.

The administrative proceedings for issuing a CCN can take several months to a year to complete and can require substantial paperwork from utility companies, municipalities, affected landowners, and other local jurisdictions. Consolidation could improve administrative efficiency and help control costs by no longer requiring the filing of similar documents in multiple, similar proceedings. The cost savings ultimately would benefit consumers and taxpayers.

**OPPONENTS
SAY:**

Consolidating proceedings for issuing a CCN actually could slow down and complicate the process by creating one large proceeding involving many parties. A controversial project could delay another project that otherwise would have been approved. All of the companies involved could not begin work until the entire proceeding was complete.

Line A and line B could have a single point of interconnection but be different projects with different goals and more appropriately handled in separate proceedings. HB 3309 would not allow for that kind of flexibility.

NOTES:

Rep. Gattis intends to offer a floor amendment that would provide an exception for competitive renewable energy zone projects, unless an individual project included in the plan had been awarded to more than one transmission service provider.