

BILL ANALYSIS

Senate Research Center

H.B. 2818
By: Ritter et al. (West, Royce)
Business & Commerce
5/17/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2005, the Legislature enacted H.B. 1567, which put Energy Gulf States, Inc. (EGSI), on a path towards introducing retail electric competition in its Texas service territory and setting milestones along that path. One of those milestones was the filing of a Transition to Competition Plan (TTC Plan) at the Public Utility Commission not later than January 1, 2007. EGSI filed its TTC Plan on December 29, 2006. Among other things, the TTC Plan calls for the creation of EGSI-TX, a separate, Texas-only, utility, the integration of EGSI-TX into the Electric Reliability Council of Texas (ERCOT), and the introduction of retail electric competition in EGSI-TX territory. However, the TTC Plan also estimates that its implementation would increase the retail rates of EGSI's residential customers and the transmission rates in ERCOT to a point where the costs could outweigh the benefits. Additionally, EGSI and the electric cooperatives operating within its service territory would be required to make difficult and expensive long-term decisions regarding the planning, contracting for, and/or construction of generation and transmission facilities.

H.B. 2818 provides a statutory postponement of the introduction of retail electric competition in the Texas portion of the Southeastern Electric Reliability Council to provide EGSI and the affected electric cooperatives the necessary certainty to make long-term commitments and assure cost-of-service rates for electric consumers in EGSI's service territory until the legislature acts to introduce retail electric competition in this area.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 36.209(a), Utilities Code, to provide that this section applies only to an electric utility that operates solely outside of the Electric Reliability Council of Texas in areas of Texas included in the Southeastern Electric Reliability Council (SERC), the Southwest Power Pool, or the Western Electricity Coordinating Council and that owns or operates transmission facilities.

SECTION 2. Amends Subchapter J, Chapter 39, Utilities Code, by adding Section 39.4515, as follows:

Sec. 39.4515. DELAY OF RETAIL COMPETITION. (a) Prohibits the Public Utility Commission of Texas (PUC), notwithstanding any other provision of this chapter (Restructuring of Electric Utility Industry), from implementing or considering the implementation of retail electric competition in an area in the SERC that is not currently engaged in retail electric competition unless a law enacted after the effective date of this section requires that action.

(b) Requires an area included in the SERC, notwithstanding any other provision of this chapter, to remain in the SERC.

(c) Provides that this section prevails over any other provision of this subchapter (Transition to Competition in Certain Non-ERCOT Areas) to the extent of any conflict.

SECTION 3. (a) Requires an electric utility operating in the SERC that is subject to traditional cost of service rate regulation and on the effective date of this Act has a transition to competition plan on file with PUC to take certain actions not later than the 180th day after the effective date of this Act.

(b) Entitles an electric utility described by Subsection (a) of this section to recover the costs described by Subsection (a)(3) of this section.

SECTION 4. Effective date: upon passage or September 1, 2007.