

BILL ANALYSIS

Senate Research Center
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H.B. 1397
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 1397 authorizes the Public Utility Commission of Texas (PUC) to approve a rider submitted by a non-ERCOT utility for an electric generation facility. The goal of a rider is to reduce regulatory lag—the time period between the date that infrastructure is placed in service and the date a utility may start recovering its investment. The rider authorized in H.B. 1397 provides discretionary authority to the PUC.

H.B. 1397 amends current law relating to the establishment of rates for certain non-ERCOT utilities.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 4 (Section 36.213, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 36.112(g), Utilities Code, to provide that this section expires September 1, 2031, rather than September 1, 2023.

SECTION 2. Amends Section 36.211(f), Utilities Code, to provide that this section expires September 1, 2031, rather than September 1, 2023.

SECTION 3. Amends Section 36.212(g), Utilities Code, to provide that this section expires September 1, 2031, rather than September 1, 2023.

SECTION 4. Amends Subchapter E, Chapter 36, Utilities Code, by adding Section 36.213, as follows:

Sec. 36.213. RECOVERY OF GENERATION INVESTMENT BY NON-ERCOT UTILITIES. (a) Provides that this section applies only to an electric utility that operates solely outside of ERCOT.

(b) Authorizes an electric utility, to encourage generation investment, to file, and authorizes the Public Utility Commission of Texas (PUC) to approve, an application for a rider to recover the electric utility's reasonable and necessary power generation investment and costs associated with that investment.

(c) Authorizes an application under Subsection (b), to enable full and timely recovery, to be filed by the electric utility and approved by the PUC before the electric utility places the power generation investment in service.

(d) Requires any rider approved under Subsection (b) to take effect on the date the power generation investment begins providing service to the electric utility's customers.

(e) Requires the electric utility that filed the rider, if a rider approved under Subsection (b) includes incremental generation investment greater than \$200

million on a Texas jurisdictional basis, to initiate a comprehensive base rate proceeding at the PUC not later than eighteen months after the date the rider takes effect.

(f) Requires a rider approved under Subsection (b) to account for changes in the number of an electric utility's customers and the effects, on a weather-normalized basis, that energy consumption and energy demand have on the amount of revenue recovered through the electric utility's base rates.

(g) Requires the PUC to adopt rules as necessary to implement this section.

SECTION 5. Requires the PUC, not later than September 1, 2020, to adopt rules required by Section 36.213(g), Utilities Code, as added by this Act.

SECTION 6. Effective date: upon passage or September 1, 2019.