

## **BILL ANALYSIS**

Senate Research Center

H.B. 2586  
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Jurisprudence  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The tragedy of Winter Storm Uri led to a formal investigation by the Texas Legislature, during which testimony revealed multiple areas of negligence and mismanagement by the Electric Reliability Council of Texas (ERCOT) corporation and its board of directors. Shortly after the legislative inquiry the resignation of several ERCOT board members and the termination of its CEO were announced.

Governor Greg Abbott declared the reform of ERCOT as an emergency item during the 87th Legislative Session. Presently, ERCOT is not required by the Public Utility Commission (PUC) to release its financial records or undergo an external audit of its standard operating procedures (SOPs). Greater transparency by ERCOT is required to protect consumers and ensure the reliability of the electric grid which ERCOT is solely responsible for maintaining.

H.B. 2586 requires the PUC to conduct an annual external audit of ERCOT's financial statements, including budget, expenses and salaries, as well as its asset compliance with PUC standards. To promote transparency, the audit findings shall be provided to the Texas Legislature not later than the 60th day after the conclusion of the audit. The audit would also be made available to the public via the PUC's web portal.

H.B. 2586 amends current law relating to an annual audit of the independent organization certified for the ERCOT power region.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter D, Chapter 39, Utilities Code, by adding Section 39.159, as follows:

Sec. 39.159. AUDIT OF INDEPENDENT ORGANIZATION CERTIFIED FOR ERCOT POWER REGION. (a) Requires the Public Utility Commission of Texas (PUC) annually to have an independent audit made of each independent organization certified under Section 39.151 (Essential Organizations) for the ERCOT (Electric Reliability Council of Texas) power region.

(b) Requires that an audit under this section examine the independent organization's financial condition, including the organization's budget and expenses, and the salaries of the organization's employees and board members, and examine compliance of the independent organization's assets with all applicable PUC standards.

(c) Requires the PUC, not later than the 60th day after the date an audit under this section is completed, to publish the results of the audit on the PUC's Internet website and submit the results of the audit to the state auditor and members of the standing committees of the legislature with primary jurisdiction over PUC.

SECTION 2. Effective date: September 1, 2021.