

BILL ANALYSIS

Senate Research Center

S.B. 1470
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Some cities, as part of their energy efficiency programs, operate a district cooling system to provide chilled water to large electric customers to reduce their peak electric demand and shift electric load during peak hours. Austin Energy is an example of this. However, all of Austin Energy's retail service, including the district cooling system, are interrelated utility services with no competitive choice available for customers.

Austin Energy does not disclose any information to customers on how their chilled water rates are calculated and has refused to include any accounting of the charges for these services in its rate cases. Government-sanctioned monopolies for vital public services like Austin Energy are traditionally required to provide a transparent process for setting rates. This process includes a public accounting of the cost to provide all utility services including capital expenses, operations and maintenance, and cost of debt.

Additionally, evidence has shown that the rates in the Austin Energy contracts for chilled water service vary widely, may be applied in a discriminatory manner among similarly situated customers, and appear to have no coherent cost of service rationale. The rates paid for electricity and related chilled water services should be part of a municipally owned utility's formal ratemaking process to ensure that rates are just and reasonable and applied to customers in a non-discriminatory manner.

S.B. 1470 simply includes district cooling system in the definition of municipally owned utility, to provide the same level of transparency required in setting rates for retail electric service. It also provides that just like any other municipally owned utility, information related to retail rates and ratemaking is subject to the Public Information Act.

As proposed, S.B. 1470 amends current law relating to chilled water service and district cooling systems.

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 Section 11.003, Utilities Code, to define "district cooling system" and to redefine "municipally owned utility."

SECTION 2. Amends Section 552.133(a-1)(2), Government Code, by adding Subdivision (P), as follows:

(P) information related to a chilled water program or program designed to used chilled water to reduce peak demand.

SECTION 3. Amends Section 552.113(b), Government Code, as follows:

(b) Provides that information or records are excepted from the requirements of Section 552.021 (Availability of Public Information) if the information or records are reasonably related to a competitive matter, as defined in Section 552.113 (Exception: Confidentiality of Geological or Geophysical Information). Provides that information or records of a municipally owned utility that are reasonably related to a competitive matter are not subject to disclosure under Chapter 552 (Public Information), whether or not, under the Utilities Code, the municipally owned utility has adopted customer choice or serves in a multiply certificated service area. Provides that information reasonably related to a municipally owned utility's rate review process and how the municipality or municipally owned utility sets rates for electric service and chilled water service or any other service designed by the municipality or municipally owned utility to curb peak demand or shift load are subject to disclosure under Chapter 552 and are not excepted from disclosure under this Act.

SECTION 4. Effective date: September 1, 2021.