

BILL ANALYSIS

S.B. 711
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Regulated Industries
Committee Report (Amended)

BACKGROUND AND PURPOSE

Currently, there is uncertainty in the law with respect to the deployment of electric meters and related advanced technologies and services. Such uncertainty has hampered technology development in restructured electric markets.

S.B. 711 clarifies that regulated electric distribution utilities have the responsibility for metering services for residential and small commercial customers and requires the Public Utility Commission of Texas to develop a plan for deployment of smart meter-data networks that can capture more detailed energy use information and give customers easy access to such information. S.B. 711 also requires new construction to include advanced digital meters, allows competitive meter services for large commercial and industrial customers to include meter-data management, and allows utilities to recover net costs associated with the deployment of smart meter-data networks.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 39.107, Utilities Code, by amending Subsections (a) and (b) and adding Subsection (h), as follows:

- (a) Authorizes, rather than requires, metering services provided to commercial and industrial customers that are required by the independent system operator to have an interval data recorder meter to be provided on a competitive basis. Deletes existing text requiring said services to be provided beginning January 1, 2004.
- (b) Requires metering services provided to residential customers and nonresidential customers, other than those required by the independent system operator to have an interval data recorder meter, to continue to be provided by the transmission and distribution utility affiliate of the electric utility that was serving the area before the introduction of customer choice. Deletes existing text relating to a date on which said requirement expires.
- (h) Requires the Public Utility Commission of Texas (PUC) to establish a nonbypassable surcharge for an electric utility or transmission and distribution utility to use to recover reasonable and necessary costs incurred in deploying advanced metering and meter information networks to residential customers and nonresidential customers other than those required by the independent system operator to have an interval data recorder meter. Requires PUC to ensure that the nonbypassable surcharge reflects a deployment of advanced meters that is no more than one-third of the utility's total meters over each calendar year and to ensure that the nonbypassable surcharge does not result in the utility recovering more than its actual, fully allocated meter and meter information network costs. Requires the expenses to be allocated to the customer class receiving the services, based on the electric utility's most recently approved tariffs.

SECTION 2. (a) Provides that, in recognition that advances in digital and communications equipment and technologies, including new metering and meter information technologies, have the potential to increase the reliability of the regional electric network, encourage dynamic

pricing and demand response, make better use of generation assets and transmission and generation assets, and provide more choices for consumers, the legislature encourages the adoption of these technologies by electric utilities in this state.

(b) Requires PUC to study the efforts of electric utilities to benefit from the use of advanced metering and meter information networks and to present a report to the legislature on or before September 30, 2006, detailing those efforts and identifying changes in this state's policies that may be necessary to remove barriers to the use of advancing metering and meter information networks or of other advanced transmission and distribution technologies.

SECTION 3. Effective date: September 1, 2005.

EFFECTIVE DATE

September 1, 2005.

EXPLANATION OF AMENDMENTS

The Committee amendment adds language to Section 1 to specify that retail providers may request add-ons to advanced meters from the transmission and distribution utility. This provision requires the retail provider to pay for those add-ons.

The amendment also adds language to Section 2 to ensure that all meter data is available to the customers and their retail provider; the PUC is to make rules on the availability of the data.

The amendment also makes the required PUC study more inclusive, specifically adding that the PUC study utilities and "other market participants and customers".

The amendment also takes the one-time PUC report to the Legislature and makes it biennial (it is expected that the report will be included in the PUC's Scope of Competition report).

Finally, the amendment calls on the PUC to monitor the market and make a determination on the benefits of competition in meters, meter products, and meter services no later than September 2010. This provision leaves the potential for consumerism open and sets a date certain for the PUC to make its evaluation