

BILL ANALYSIS

S.B. 1494
By: Fraser
Regulated Industries
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, electric utilities in the state are required to unbundle generation assets as part of the transition to competition. The separation could require the sale of certain generation assets which could negatively impact reliability in the Electric Reliability Council of Texas (ERCOT).

This bill establishes parameters for meeting current separation requirements to ensure that electricity from generation assets necessary for reliability in ERCOT can remain in ERCOT.

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 39.051, Utilities Code, by amending Subsection (c) and adding Subsection (c-1), as follows:

(c) Includes the requirements that, notwithstanding any other provision of this chapter, an electric utility that has not finalized unbundling on September 1, 2005, may meet the requirements of Subsection (b) (relating to the separation of business activities into units) for its existing generation business activities in the Electric Reliability Council of Texas if it meets and maintains compliance with certain requirements.

(c-1) Provides that a separate division described by Subsection (c)(3) (relating to a separate division for generation business activities) is subject to Subsection (d) (relating to the manner in which a company is to unbundled) and, for the purposes of this chapter, is considered a separate affiliated power generation company and competitive affiliate.

SECTION 2. Effective date: September 1, 2005.

EFFECTIVE DATE

This Act takes effect September 1, 2005.