

By: Fraser

S.B. No. 1494

A BILL TO BE ENTITLED

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AN ACT

relating to the unbundling of electric utilities in the transition to competitive retail electric markets.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 39.051, Utilities Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:

(c) An electric utility may accomplish the separation required by Subsection (b) either through the creation of separate nonaffiliated companies or separate affiliated companies owned by a common holding company or through the sale of assets to a third party. An electric utility may create separate transmission and distribution utilities. Notwithstanding any other provision of this chapter, an electric utility that on September 1, 2005, has not finalized unbundling may also meet the requirements of Subsection (b) for its existing generation business activities in the Electric Reliability Council of Texas if it meets and maintains compliance with the following requirements:

(1) the electric utility has no more than 400 megawatts of Texas jurisdictional capacity from generating units within the Electric Reliability Council of Texas that have not been mothballed or retired;

(2) the electric utility has a contract or contracts with separate nonaffiliated companies or separate affiliated

1 companies for the sale of all of the output from its generating  
2 units that have not been mothballed or retired with a contract term  
3 that is no shorter than 20 years or the life of the generating  
4 units, whichever is shorter; and

5 (3) the electric utility has a separate division  
6 within the electric utility for its generation business activities.

7 (c-1) A separate division described by Subsection (c)(3) is  
8 subject to Subsection (d) and, for the purposes of this chapter, is  
9 considered a separate affiliated power generation company and a  
10 competitive affiliate.

11 SECTION 2. This Act takes effect September 1, 2005.