

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 26, 2005

TO: Honorable Phil King, Chair, House Committee on Regulated Industries

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1777 by King, Phil (relating to regulation of the electric power market.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1777, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from System Benefit Account 5100
2006	(\$37,004,822)
2007	(\$41,792,610)
2008	(\$46,056,871)
2009	(\$50,747,558)
2010	(\$55,907,313)

Fiscal Analysis

The bill would require the Electric Reliability Counsel of Texas (ERCOT) to perform wholesale market monitoring through a contract with a private company selected by the Public Utility Commission (PUC).

The bill would expand the criteria for eligibility in the Public Utility Commission's (PUC) low-income electric discount (LID) program to include customers who receive public housing assistance, have a child enrolled in the national school lunch program of free or reduced price lunches, or are eligible for certain Health and Human Services Commission programs.

The bill would also allow the expenditure of funds from the System Benefit Account for the purpose of educating residential and small business customers about available benefits of the fund until August

31, 2006.

The bill would establish a goal to enroll at least 95 percent of eligible LID customers, require the PUC to estimate the total number of eligible LID customers each even-numbered year, and prepare a report on enrollment efforts to be published biannually each odd-numbered year. If the goal is not met, PUC must use money appropriated to it for administrative purposes from the System Benefit Account to provide education and outreach concerning the LID program until the goal is met.

The bill would take effect September 1, 2005.

Methodology

It is anticipated that requiring the Electric Reliability Council of Texas to perform wholesale market monitoring through a contract with a private company selected by the Public Utility Commission (PUC) would eliminate the need for the PUC to contract with a private company to perform wholesale market monitoring at a rate of \$1.5 million each fiscal year from the System Benefit Account, which is appropriated in the 2004-05 General Appropriations Act.

According to the Public Utility Commission (PUC), the bill would increase the number of customers eligible for the low-income electric discount (LID) program by 250,000 in fiscal year 2006; 275,000 in fiscal year 2007; 302,500 in fiscal year 2008; 332,750 in fiscal year 2009; and 366,025 in fiscal year 2010. At a cost per customer of \$151 in fiscal year 2006 and \$154 in fiscal years 2007-10, the bill would increase payments from the LID program by \$37,644,541 in fiscal year 2006; \$42,411,301 in fiscal year 2007; \$46,652,431 in fiscal year 2008; \$51,317,674 in fiscal year 2009; and \$56,449,442 in fiscal year 2010.

Also related to the increase in customer eligibility, the PUC would require \$650,000 each year for the LID program administration contract, and would require \$210,281 in fiscal year 2006; \$231,309 in fiscal year 2007; \$254,439 in fiscal year 2008; \$279,883 in fiscal year 2009; and \$307,872 in fiscal year 2010 for increased LID program mailout costs.

It is anticipated that any costs to the PUC related to rulemakings required by the bill, educating residential and small business customers about available benefits of the fund, and establishing, estimating, and publishing information related to LID enrollment rates, could be absorbed within the agency's existing resources.

It is anticipated that the PUC would meet the goal of enrolling at least 95 percent of eligible LID customers.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 473 Public Utility Commission of Texas

LBB Staff: JOB, JRO, MW, RB