

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 28, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1777, As Introduced: 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 <i>System Benefit Account</i> 5100
2006	\$1,500,000
2007	\$1,500,000
2008	\$1,500,000
2009	\$1,500,000
2010	\$1,500,000

Fiscal Analysis

The bill would require the Electric Reliability Council 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 also provide the PUC authority to lower the percentage discount of the low-income discount program below 10 percent if the System Benefit Fund (SBF) fee is set at 65 cents per megawatt hour and the PUC determines that the SBF is still insufficient to fund the 10 percent rate reduction.

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 General Revenue - Dedicated System Benefit Account No. 5100, which is appropriated in the current General Appropriations Act.

For the purpose of this analysis, it is assumed the System Benefit Fund, set at 65 cents per megawatt hour, would be sufficient to fund the low-income discount program at the 10 percent rate. Therefore, it is not anticipated that allowing the PUC to lower the discount would generate a fiscal impact.

The Public Utility Commission indicates that all other costs associated with the bill could be absorbed within existing resources.

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, 475 Office of Public Utility Counsel

LBB Staff: JOB, JRO, MW, RB