

By: Christian

H.B. No. 3348

A BILL TO BE ENTITLED

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AN ACT

relating to the mechanism by which prices are established in the competitive wholesale electric energy and capacity markets in Texas.

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

SECTION 1. Section 35.002, Utilities Code, is amended to read as follows:

Sec. 35.002. RIGHT TO COMPETE AT WHOLESALE. (a) A provider of generation, including an electric utility affiliate, exempt wholesale generator, and qualifying facility, may compete for the business of selling power.

(b) The price paid to each seller in any wholesale market for energy or capacity operated by an independent organization certified under Section 39.151(c) shall not be established by the highest-priced bid accepted by the independent organization in order to meet the energy or capacity requirements of the market. The legislature finds that a wholesale market in which all sellers receive a price that is based upon the highest price accepted by the independent organization is not in the public interest and is harmful to the availability of just and reasonable electric rates in the competitive areas of the state.

(c) The commission shall adopt rules establishing a wholesale market consistent with this section.

SECTION 2. The Public Utility Commission of Texas shall

1 adopt rules establishing a wholesale market consistent with
2 Subsection (b), Section 35.002, Utilities Code, as added by this
3 Act, not later than July 1, 2008.

4 SECTION 3. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2007.