

By: Estes

S.B. No. 1586

A BILL TO BE ENTITLED

AN ACT

relating to the allocation of transmission rights to electricity.

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

SECTION 1. Subchapter D, Chapter 39, Utilities Code, is amended by adding Section 39.1513 to read as follows:

Sec. 39.1513. NATIVE LOAD SERVICE OBLIGATION. (a) In this section:

(1) "Distribution utility" means an electric utility that has a service obligation to end-users or to a municipally owned utility or electric cooperative that, directly or indirectly, through one or more additional municipally owned utilities or electric cooperatives, provides electric service to end-users.

(2) "Load-serving entity" means a distribution utility, municipally owned utility, or electric cooperative that has a service obligation.

(3) "Service obligation" means a requirement applicable to, or the exercise of authority granted to, a distribution utility, municipally owned utility, or electric cooperative under law or under a long-term contract to provide electric service to end-users or to a distribution utility.

(b) This section applies to a load-serving entity in ERCOT that, on the date this section is enacted, owns generation facilities or holds rights under one or more wholesale contracts to purchase electric energy to meet a service obligation.

1 (c) A load-serving entity shall, to the extent required to
2 meet a service obligation, be allocated firm transmission rights or
3 equivalent tradable or financial transmission rights as necessary
4 to deliver the output or purchased energy or the output of other
5 generating facilities or purchased energy to the extent deliverable
6 using the rights.

7 (d) To the extent that all or part of the service obligation
8 covered by the firm transmission rights or equivalent tradable or
9 financial transmission rights is transferred to another
10 load-serving entity, the successor load-serving entity is entitled
11 to use the firm transmission rights or equivalent tradable or
12 financial transmission rights associated with the transferred
13 service obligation. If the service obligation is subsequently
14 transferred to another load-serving entity or back to the original
15 load-serving entity, the rights are transferred with the
16 obligation.

17 (e) The commission shall exercise its authority under this
18 subtitle in a manner that facilitates the planning and expansion of
19 transmission facilities to meet the reasonable needs of
20 load-serving entities to satisfy the service obligations of the
21 load-serving entities and that enables load-serving entities to
22 secure firm transmission rights or equivalent tradable or financial
23 rights on a long-term basis for long-term power supply arrangements
24 made or planned to meet those needs.

25 (f) The commission may exercise authority under this
26 subtitle to make transmission rights not used to meet an obligation
27 described by this section available to other entities in a manner

1 determined by the commission to be just, reasonable, and not unduly
2 discriminatory or preferential.

3 (g) An entity that, to the extent required to meet its
4 service obligations, exercises rights described by this section
5 may not be considered by that action as acting in a manner that is
6 unduly discriminatory or preferential under this subtitle.

7 SECTION 2. The Public Utility Commission of Texas shall
8 implement Section 39.1513, Utilities Code, as added by this Act,
9 not later than September 1, 2008.

10 SECTION 3. This Act takes effect September 1, 2007.