

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**February 22, 2007**

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

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

**IN RE: HB935** by Harper-Brown (Relating to market power abuse in the wholesale electricity market; providing administrative and civil penalties.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB935, As Introduced: a negative impact of (\$632,768) through the biennium ending August 31, 2009.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$331,224)
2009	(\$301,544)
2010	(\$301,544)
2011	(\$301,544)
2012	(\$301,544)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>	<b>Change in Number of State Employees from FY 2007</b>
2008	(\$331,224)	4.0
2009	(\$301,544)	4.0
2010	(\$301,544)	4.0
2011	(\$301,544)	4.0
2012	(\$301,544)	4.0

**Fiscal Analysis**

The bill would amend the Utilities Code relating to market power abuse in the wholesale market and provide certain administrative and civil penalties for violations. The bill would provide an administrative penalty of not more than \$200,000 for violations relating to market power in the generation, transmission, distribution, and sale of electricity. The bill would provide a civil penalty, of not less than \$100,000 and not more than \$250,000, for violations relating to market power in the generation, transmission, distribution, and sale of electricity, or for violations of certain rules adopted or certain orders issued by the Public Utility Commission.

The bill would apply to violations committed on or after September 1, 2007, if any element of the violation was committed on or after that date.

This bill would take effect on September 1, 2007.

### **Methodology**

Based on the analysis of the Office of Attorney General (OAG), it is assumed that there would be costs associated with additional complaints, investigations, or cases by the agency's Consumer Protection and Public Health Division. It is also estimated that the OAG will incur General Revenue costs for staff of \$215,281 and 4.0 FTEs through fiscal year 2012. Other operating expenses are estimated to be \$55,040 in fiscal year 2008 and \$25,360 through 2012. Associated benefits are estimated to be \$60,903 through fiscal year 2012.

The Public Utility Commission anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

### **Technology**

There will be a one time technology impact of \$7,432 in fiscal year 2008 for network stations and software.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

**LBB Staff:** JOB, JRO, MW, TGI