

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 2, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

IN RE: SB482 by Fraser (relating to competition and customer choice in the retail electric market; providing an administrative penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB482, Committee Report 1st House, Substituted: a negative impact of (\$220,304) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$155,338)
2009	(\$64,966)
2010	(\$64,966)
2011	(\$64,966)
2012	(\$64,966)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2007
2008	(\$155,338)	2.2
2009	(\$64,966)	0.8
2010	(\$64,966)	0.8
2011	(\$64,966)	0.8
2012	(\$64,966)	0.8

Fiscal Analysis

The bill would amend the Utilities code relating to competition and customer choice in the retail electric market. The bill would require an electric utility that is affiliated with certain retail electric providers (REP) or power generation companies to submit unbundling plans to the Public Utility Commission (PUC) and prohibit an REP from implying it can provide more reliable services or provide preferential treatment in the restoration of service following an outage, which may result in an administrative penalty being assessed by the PUC if violated. This bill would impose a charge on certain REPs as incentive to compete for residential customers and require affiliated retail electric providers (AREP) to release certain customer information to competitive REPs. The bill would dedicate the revenue to a fund for a consumer education program and to a fund to be paid to affected residential customers.

The bill would authorize the PUC to conduct a review of the retail electric market and take certain action based on the study's findings and authorize the PUC to require AREPs to provide certain cost saving information to customers.

The bill would take effect on September 1, 2007.

Methodology

It is estimated that the Public Utility Commission would have a cost associated with continued projects related to the retail clawback, customer balloting and transfer, determination and reasonableness of retail prices, review of REP and TDU inserts, and customer protection. Based on the analysis of the PUC, it is assumed that the implementation of rules and projects relating to the competition and customer choice in the retail electric market would necessitate additional resources and expertise at a cost of up to \$220,304 through 2009.

The PUC also estimates costs for staff of \$116,010 in FY08 for 2.2 FTEs and \$48,518 in FY08 through FY12, including 0.8 FTEs. Other operating expenses are estimated at \$6,508 in FY08 and \$2,722 in FY08 through FY12. Associated benefits are estimated at \$32,820 in FY 08 and \$13,726 in FY08 through FY12.

Based on information provided by the Comptroller of Public Accounts, it is assumed that revenues that would be generated by penalties and fees with the implementation of the provisions of the bill would be deposited to the credit of the General Revenue Fund. Revenues that would be generated from these penalties and fees cannot be estimated.

Based on the analysis of the Comptroller of Public Accounts, this bill would also do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

LBB Staff: JOB, JRO, MW, TGI