

BILL ANALYSIS

C.S.H.B. 230
By: Pitts
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, certain Texas electricity customers are subject to a "ratchet demand charge," from their electric distribution service. A ratchet demand charge is assessed by levying a constant fee based on the customer's peak electricity demand. This charge is then added to a customer's regular demand charge, which is based on the customer's actual usage.

However, schools and nonprofit athletic and sports associations typically only operate during certain months of the year, and are idle during other times. Because a ratchet demand charge is assessed for the entire year, these entities are being unnecessarily charged.

C.S.H.B. 230 exempts public and private schools and nonprofit athletic and sports associations from the assessment of a ratchet demand charge. The bill also exempts municipally owned facilities from the assessment of a ratchet demand charge.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 230 amends the Utilities Code to require an electric transmission and distribution utility to exclude public and private schools, nonprofit athletic and sports associations, and municipally owned facilities from the application of any ratchet provision contained in a tariff relating to distribution service.

C.S.H.B. 230 requires the Public Utility Commission of Texas to adopt rules necessary to implement the bill's provisions as soon as practicable. The bill requires a transmission and distribution utility, not later than January 1, 2010, to exclude each school, association, or facility to which the bill applies from the application of ratchet provisions contained in its tariffs.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 230 differs from the original by adding municipally owned facilities to the entities that are required to be excluded from the application of ratchet provisions contained in tariffs.