

BILL ANALYSIS

Senate Research Center

C.S.S.B. 681
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Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In recent years, thousands of households have experienced power outages lasting a number of days due to natural disasters, such as hurricanes. In some cases, while a household's contracted utility is unable to provide power to its customers, another utility would be able to restore power if it could interconnect with the contracted utility and had the agreement of the contracted utility to do so.

C.S.S.B. 681 amends current law relating to the ability of electric utilities to provide electric service during a major power outage.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 38, Utilities Code, by adding Section 38.073, as follows:

Sec. 38.073. **AUTHORITY OF COMMISSION DURING AN EMERGENCY.** (a) Authorizes the Public Utility Commission of Texas (PUC), on a declaration of a natural disaster or other emergency by the governor, to require an electric utility, municipally owned utility, electric cooperative, qualifying facility, power generation company, exempt wholesale generator, power marketer, or retail electric provider to sell electricity to an electric utility, municipally owned utility, electric cooperative, or retail electric provider that is unable to supply power to meet customer demand due to the natural disaster or other emergency. Provides that any plant, property, equipment, or other items used to receive or deliver electricity under this subsection are used and useful in delivering service to the public, and requires PUC to allow timely recovery for the costs of those items. Authorizes PUC to order an electric utility, municipally owned utility, or electric cooperative to provide interconnection service to another electric utility, municipally owned utility, or electric cooperative to facilitate a sale of electricity under this section. Requires PUC, if PUC does not order the sale of electricity during a declared emergency as described by this subsection, to promptly submit to the legislature a report describing the reasons why PUC did not make that order.

(b) Requires the receiving entity, if an entity receives electricity under Subsection (a), to reimburse the supplying entity for the actual cost of providing the electricity. Provides that the entity receiving the electricity is responsible for any transmission and distribution service charges specifically incurred in relation to providing the electricity.

(c) Authorizes an entity that pays for electricity received under Subsection (b) and that is regulated by PUC to fully recover the cost of the electricity in a timely manner by including the cost in the entity's fuel cost under Section 36.203 (Fuel Cost Recovery; Adjustment of Fuel Factor) or notwithstanding Section 36.201 (Automatic Adjustment for Changes in Cost), imposing a different surcharge.

SECTION 2. (a) Requires PUC, not later than November 1, 2009, to conduct and complete a study to evaluate the locations in this state that are mostly likely to experience a natural disaster or other emergency; the ability of each entity described by Section 38.073(a), Utilities Code, as added by this Act, to comply with that section in the event of a natural disaster or other emergency; and any steps an entity described by Section 38.073(a), Utilities Code, as added by this Act, should take to prepare to comply with that section.

(b) Requires an entity described by Section 38.073(a), Utilities Code, as added by this Act, to comply with any order issued by PUC under that subsection while the study required by Subsection (a) of this section is conducted.

(c) Requires PUC to prepare a report based on the study conducted under Subsection (a) of this section. Requires that the report include any recommendations PUC considers advisable in relation to the implementation of and compliance with Section 38.073, Utilities Code, as added by this Act. Authorizes PUC to include the report in the report required by Section 31.003 (Report on Scope of Competition), Utilities Code.

SECTION 3. Effective date: upon passage or September 1, 2009.