

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

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

IN RE: HB2781 by Keffer (Relating to the development and implementation of a wholesale market structure for ERCOT.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 39.151 of the Utilities Code to prohibit an independent organization certified under the section, in developing or implementing a wholesale market structure, from directly assigning a congestion rent to a buyer or seller of generation output, or basing a generation payment on locational marginal pricing. The bill would also require the independent organization to rely on zonal market design to determine the market price of generation and require zones of a sufficient size to result in effective competition.

The passage of the bill would require the Public Utility Commission (PUC) to adopt rules to repeal existing rules that require the Electric Reliability Council of Texas (ERCOT) to develop nodal market design and to implement the provisions of the bill. The PUC indicates that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas

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