

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 3, 2009**

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

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

**IN RE: HB3245** by Solomons (Relating to consumer protections within the electricity markets.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3245, As Introduced: a negative impact of (\$735,376) through the biennium ending August 31, 2011.

This 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
2010	(\$386,609)
2011	(\$348,767)
2012	(\$361,578)
2013	(\$372,707)
2014	(\$385,191)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$386,609)	3.0
2011	(\$348,767)	3.0
2012	(\$361,578)	3.0
2013	(\$372,707)	3.0
2014	(\$385,191)	3.0

**Fiscal Analysis**

The bill would amend various provisions of the Utilities Code that would require the Public Utility Commission (PUC) to adopt conforming rules.

The bill would also amend Chapter 39 of the Utilities Code and add Section 39.925, Nodal Implementation, to prohibit market participants from passing on to retail customers any charges or costs associated with a nodal market design or implementation. The bill would authorize the cost recovery of the nodal system from the cost savings created by the nodal market, and that once the costs are recovered, any savings would have to be passed on the retail customer. The bill would require the PUC to determine when the cost recovery is complete and how the cost savings would be

passed on to customers. The bill would also require the PUC to enforce these provisions through administrative penalties.

The bill would require the PUC to provide free access to internet video of the Commission public hearings and meetings and to ensure that the Electric Reliability Council of Texas (ERCOT) also provide free access to internet video of its public hearings and meetings.

### **Methodology**

The PUC estimates it would require 2.0 additional full-time-equivalent positions (FTEs) to monitor the cost of Nodal wholesale market implementation and how market participants recover their costs: 1.0 Accountant and 1.0 Auditor. This estimate is based on establishing a regime for reviewing the costs and cost recovery in the ERCOT wholesale market for over 1,000 market participants, including generators, qualified scheduling entities and power marketers.

The PUC estimates costs for providing internet video of public hearings and meetings free of charge based on the existing broadcasting system in place and operated by TexasAdmin. The agency used the cost estimating tool provided by the Department of Information Resources to estimate the costs of necessary equipment and broadband costs. The agency anticipates needing an additional 1.0 FTE to operate the recording and to provide network administration and support for the webcasts.

### **Technology**

Technology is the primary cost driver for the estimated costs of providing internet video of Commission hearings and meetings. The projected technology cost each year would be: \$161,919 in fiscal year (FY) 2010, \$124,077 in FY 2011, \$136,888 in FY 2012, \$148,017 in FY 2013, and \$160,501 in FY 2014. These costs include audio and video equipment, bandwidth costs, and equipment management under the Data Center Services contract.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 473 Public Utility Commission of Texas

**LBB Staff:** JOB, KJG, MW, ES