

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB3309 by Gattis (Relating to consolidation of certain proceedings on an application for a certificate of convenience and necessity.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would require the Public Utility Commission (PUC) to consolidate the proceedings on an application to obtain or amend a certificate of convenience and necessity for the construction of a transmission line with the proceeding on another application to obtain or amend a certificate of convenience and necessity for the construction of a transmission line if it is apparent that the transmission lines that are the subject of the separate proceedings share a common point of interconnection. The bill would exempt a proceeding on an application for a certificate of convenience and necessity for a transmission line to serve a competitive renewable energy zone from this requirement. The PUC may need to conduct a rulemaking in order to conform existing rules to the provisions of the bill.

The bill would amend the Utilities Code to subject electric utilities operating in areas in Texas in the Southeastern Electric Reliability Council (SERC) to the provisions in Section 36.209 that allow a utility to recover certain transmission costs on an annual basis through a competitive generation tariff. The bill would require the Public Utility Commission (PUC) to ensure that a competitive generation tariff is not implemented in a manner that harms the sustainability or competitiveness of manufacturers that choose not to take advantage of competitive generation. The bill would prohibit the PUC from issuing a decision relating to a competitive generation tariff that is contrary to an applicable decision, rule, or policy statement of a federal regulatory agency having jurisdiction.

The bill would require an electric utility operating in SERC that has a transition to competition plan on file with the PUC to withdraw its plan.

The bill would authorize the Public Utility Commission (PUC) 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 and provide interconnection service to another electric utility, municipally owned utility, electric cooperative, or retail electric provider that is unable to supply power to meet customer demand due to a natural disaster or other emergency. The bill would require the PUC to submit to the legislature a report describing the reasons that it did not issue an order in the case that the commission does not order the sale of electricity during a declared emergency.

The bill would require to the extent practicable an electric utility or transmission and distribution utility that deploys advanced metering and meter information networks, or an electric utility, transmission and distribution utility, or river authority designated by the Public Utility Commission to construct transmission capacity, to obtain and utilize funds, including grants, loans, and loan guarantees, made available by the federal government, to lower costs of deployment or construction. The bill would require the Public Utility Commission to reflect the funds obtained when establishing a surcharge or modifying rates. The bill would authorize the PUC to reduce the amount of a surcharge or propose a rate reduction.

The bill would authorize the Public Utility Commission (PUC) to grant a certificate to a person operating a facility used as part of the transmission system serving the ERCOT power region solely for the transmission of electricity. The bill would establish the eligibility requirements for the certification. The bill would also exempt a person granted a certificate under Section 37.051(d) from serving every customer in a certified area and from providing continuous and adequate service in that area.

The bill would require the PUC to conduct rulemakings to align existing rules with the provisions of the bill. The PUC anticipates any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: JOB, ES, JRO, KJG