

Amend **HB 1600** (house committee report) in Article 1 of the bill by adding the following appropriately numbered SECTIONS and renumbering subsequent SECTIONS of the article accordingly:

SECTION 1.____. Section 15.023, Utilities Code, is amended by amending Subsections (b), (c), and (d) and adding Subsections (b-1) and (b-2) to read as follows:

(b) Except as provided by Subsection (b-1), the ~~[The]~~ penalty for a violation may be in an amount not to exceed \$25,000. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.

(b-1) The penalty for a violation of a reliability standard adopted by the independent organization certified under Section 39.151 or of a commission rule relating to reliability in the wholesale electric market may be in an amount not to exceed \$100,000. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty.

(b-2) If a person pays a penalty to a federal authority for a violation of a reliability standard that is the same or substantially the same as a reliability standard adopted by the independent organization certified under Section 39.151:

(1) the commission may not assess an administrative penalty for the same instance or circumstance for which the person paid the federal penalty; and

(2) the commission shall refund the full amount of an administrative penalty that the commission assessed against the person before the date the person paid the federal penalty, if the commission assessed the penalty for the same instance or circumstance for which the person paid the federal penalty.

(c) The commission by rule shall establish a classification system for violations described by Subsection (b) and a separate classification system for violations described by Subsection (b-1). Each system must include ~~[that includes]~~ a range of administrative penalties that may be assessed for each class of violation, based on:

(1) the seriousness of the violation, including:

(A) the nature, circumstances, extent, and gravity of a prohibited act; and

(B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;

(2) the economic harm to property or the environment caused by the violation;

(3) the history of previous violations;

(4) the amount necessary to deter future violations;

(5) efforts to correct the violation; and

(6) any other matter that justice may require.

(d) The classification system established under Subsection (c) shall provide that a penalty in an amount that exceeds \$5,000 may be assessed only if the violation is included in the highest class of violations in the classification system. This subsection does not apply to the classification system established under Subsection (c) for a violation described by Subsection (b-1).

SECTION 1.____. The changes in law made by this article to Section 15.023, Utilities Code, apply only to a violation that occurs on or after the effective date of this Act. For purposes of this section, a violation occurs before the effective date of this Act if any element of the violation occurs before that date. A violation that occurs before the effective date of this Act is covered by the law in effect on the date the violation occurred, and the former law is continued in effect for that purpose.