

BILL ANALYSIS

C.S.H.B. 10
By: Paddie
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In February of this year, Winter Storm Uri struck Texas and paralyzed the state's electric grid, leaving millions of Texans in the ERCOT power region without power for upwards of a week in frigid weather. During this time, many Texans were concerned to learn about the makeup of the ERCOT board and its lack of accountability to the legislature. Of particular concern was the fact that numerous members of that board, including its chair and vice-chair, did not reside in Texas. C.S.H.B. 10 seeks to address these concerns by reconfiguring the requirements for the governing body of ERCOT, or another independent organization certified to perform essential market functions for a power region, so as to require all members of the governing body to be Texas residents and to give the governor, lieutenant governor, and speaker of the house of representatives the authority to appoint certain members to the governing body.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 10 amends the Utilities Code to do the following with respect to the governing body of an independent organization, such as ERCOT, that is certified by the Public Utility Commission of Texas (PUC) to perform certain essential market functions for a power region:

- replace the requirement for the ex officio and elected members of the governing body to select five additional members to serve on the governing body who are unaffiliated with any market segment with a requirement for five positions to be filled as follows:
 - three members appointed by the governor, at least one of whom must represent residential consumer interests;
 - one member appointed by the lieutenant governor; and
 - one member appointed by the speaker of the house of representatives;
- set the term of those five members at two years, require that the terms be staggered, and establish procedures for replacing an appointed member after their term expires and for filling vacancies;
- require all members of the governing body to be Texas residents, including the organization's CEO, the presiding officer of the PUC, and the chief executive of the office of public utility counsel (OPUC), who serve as ex officio members of the governing body;
- require the governor to designate the governing body's presiding officer; and
- establish that a member of the governing body is not entitled to receive compensation but is entitled to receive certain reimbursement for travel and other necessary expenses.

C.S.H.B. 10 requires the governor, lieutenant governor, and speaker to appoint the applicable members to the governing body of an independent organization certified before September 1, 2021, as soon as practicable and provides for the initial staggering of terms. The bill requires such an organization to ensure that its CEO is a Texas resident not later than September 1, 2022, after which date the PUC may decertify an organization whose governing body or CEO does not comply with the bill's provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 10 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes requirements for the presiding officer of the PUC and the chief executive of the OPUC to be Texas residents.

The substitute clarifies that the new members of the governing body of an independent organization certified before September 1, 2021, must be appointed as soon as practicable after the bill's effective date.