

By: Schwertner

S.R. No. 342

SENATE RESOLUTION

WHEREAS, Many Texas residents were hit with massive electricity bills in the wake of Winter Storm Uri, and high costs have rattled all sectors of the power market; and

WHEREAS, On February 12, 2021, as the storm bore down on Texas, Governor Greg Abbott issued a disaster declaration for all counties in Texas; three days later, the Electric Reliability Council of Texas declared its highest state of emergency, an Emergency Energy Alert Level 3, due to exceptionally high electricity demand exceeding supply; and

WHEREAS, In response to the emergency level of consumer demand, on February 15, the Public Utility Commission of Texas issued an order directing ERCOT to start using the high system-wide offer cap, or HCAP, that would raise the cap for energy prices to \$9,000 per megawatt hour, pursuant to 16 Texas Administrative Code Section 25.505(g)(6)(B); this increase reflected an approximately 10,000 percent spike in pricing from the preceding three-month average; and

WHEREAS, PUC's administratively approved HCAP tripled between 2012 and 2015 to its current rate of \$9,000 per megawatt hour; the highest price cap in the nation, this resulted in jaw-dropping electric bills after the cap was reached and remained in place for more than four days in February 2021; the fallout threatens utilities and retail electric providers, which

collectively face billions of dollars in charges related to the blackout; among those in bankruptcy is the state's largest and oldest electric power cooperative, and electricity firms have failed to pay some \$3 billion in storm-related charges, a shortfall that would be passed on to all Texas utilities and customers; and

WHEREAS, Two new PUC members, commissioner Will McAdams and chair Peter Lake, have been sworn in and will participate in their first PUC hearing on May 6, 2021, enabling the commission to take needed action to protect consumers and the financial stability of electricity providers; now, therefore, be it

RESOLVED, That the Senate of the State of Texas, 87th Legislature, hereby urge the Public Utility Commission of Texas to significantly reduce the high system-wide offer cap and evaluate changes to the market structure; and, be it further

RESOLVED, That the secretary of the senate forward official copies of this Resolution to the members of the Public Utility Commission.

Alvarado	Hinojosa	Nichols
Bettencourt	Huffman	Paxton
Birdwell	Hughes	Perry
Blanco	Johnson	Powell
Buckingham	Kolkhorst	Seliger
Campbell	Lucio	Springer
Creighton	Menéndez	Taylor
Gutierrez	Miles	West
Hall	Nelson	Whitmire
Hancock		Zaffirini

Patrick, President of the Senate

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President of the Senate

I hereby certify that the above Resolution was adopted by the Senate on May 3, 2021, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate