

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 31, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3749 by Lucio III (Relating to the provision of electric service during extreme weather conditions.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3749, As Introduced : a negative impact of (\$2,615,822) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill relates to the provision of electric service during extreme weather conditions.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$1,307,911)
2023	(\$1,307,911)
2024	(\$1,307,911)
2025	(\$1,307,911)
2026	(\$1,307,911)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$1,307,911)	7.0
2023	(\$1,307,911)	7.0
2024	(\$1,307,911)	7.0
2025	(\$1,307,911)	7.0
2026	(\$1,307,911)	7.0

Fiscal Analysis

This bill would require the Public Utility Commission (PUC) to conduct regular weatherization inspections of facilities and equipment used by generators in the ERCOT region and to publish a notification on the PUC homepage if ERCOT declares and energy emergency alert. The bill would also require the PUC to adopt rules that develop an audit procedure for emergency operations plans. The bill would require the governor to appoint a task force to study and submit a report on PUC, ERCOT, and market participant actions taken during the winter storm of February 2021.

Methodology

The PUC does not currently have field inspectors and this bill would require the PUC to hire engineers to conduct inspections of all power generators in the state. Additionally, the new program would require a manager. All 6 inspectors would need to be professional engineers (Engineer V), at a cost of \$120,000 per employee per year. The group's manager would be an engineering specialist VI at \$135,000 per year. Other operating costs would total \$10,500; technology costs for additional laptops would cost \$13,300; and travel would total \$138,240 per year. The PUC assumes that the approximately 680 generating facilities would be inspected at least once every 3 years. The anticipated total cost to the State would be \$1,307,911 each year.

Technology

The PUC indicates that it cannot absorb the additional technology costs associated with new laptops for 7 additional employees. Each additional laptop on the agency's lease costs \$1,900, creating a total technology cost of \$13,300 per fiscal year.

Local Government Impact

It is assumed the bill would have a fiscal impact on municipally owned utilities, but the impact cannot be determined at this time.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: JMc, SMAT, MB, RRE