

BILL ANALYSIS

C.S.H.B. 4862
By: Slawson
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, legislators have no way of knowing how many instances of potential market manipulation are being investigated by the independent market monitor (IMM) for the wholesale electric market, nor how many of those are then conveyed to the Public Utility Commission of Texas (PUC) for enforcement. It is critical that policy makers are able to understand the frequency and type of potential violations that the IMM and the PUC are investigating. In an effort to address this issue and increase the information to which policy makers have access, C.S.H.B. 4862 seeks to require the IMM's existing report to provide more information and be more widely distributed and to require the PUC to provide an annual report regarding these issues to the legislature.

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. 4862 amends the Utilities Code to require the wholesale electric market monitor's report to the Public Utility Commission of Texas (PUC) of potential manipulation of the wholesale electric market and discovered or potential violations of PUC or ERCOT rules to be provided also to PUC staff. The bill specifies that the report must be in writing and that the report must contain all discovered or potential violations, rather than any discovered or potential violations. The bill requires the PUC, not later than December 1 of each year, to submit a report to the legislature that describes the following information for the 12-month period preceding the report's submission:

- the number of instances in which the market monitor reported potential market manipulation to the PUC or PUC staff;
- the statutes, PUC rules, and ERCOT rules alleged to have been violated by the reported entities; and
- the number of reported instances of potential market manipulation for which the PUC instituted a formal investigation on its own motion or PUC staff initiated an enforcement action.

EFFECTIVE DATE

September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4862 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute revises the provisions in the introduced relating to the report by the PUC, as follows:

- changes the nature of the report from a public report to a report to the legislature;
- changes the deadline for submission of the report from February 1 to December 1; and
- with respect to the report's contents:
 - specifies that the report must contain the statutes, PUC rules, and ERCOT rules alleged to have been violated, rather than laws, regulations, and ERCOT requirements as in the introduced; and
 - updates the requirement for the report to include the number of reported instances of potential market manipulation for which the PUC or PUC staff initiated enforcement action to specify that the report must include the number of instances for which the PUC instituted a formal investigation on its own motion and for which PUC staff initiated an enforcement action.