

## **BILL ANALYSIS**

S.B. 1094  
By: Schwertner  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current law does not grant the Public Utility Commission of Texas (PUC) explicit authority to establish a pre-approval process for non-ERCOT utility purchased power agreements (PPAs). Debt rating agencies assign greater risk to non-ERCOT utilities when they enter into PPAs, which are currently approved by the PUC much later. Risk issues may discourage utilities from using PPAs, and utility risk associated with PPAs could be reduced if utilities could seek PUC pre-approval prior to formalizing a PPA with third parties. S.B. 1094 seeks to reduce the risk associated with non-ERCOT PPAs by establishing a PUC pre-approval process that would allow the utility to have an explicit approval or denial of a proposed PPA prior to any formal commitment to the PPA.

### **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 rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill.

### **ANALYSIS**

S.B. 1094 amends the Utilities Code to authorize an electric utility to apply to the Public Utility Commission of Texas (PUC) for review and approval of an agreement between that electric utility and another person for the purchase of power by the electric utility if such approval is a pre-condition to the effectiveness of the electric utility's right or obligation to purchase power under the agreement with a term of three years or more. The bill requires the PUC by rule to implement this provision in a manner consistent with standards and procedures in the PUC's rules governing contested cases on certificates of convenience and necessity for generating facilities. The bill's provisions expire September 1, 2033.

### **EFFECTIVE DATE**

September 1, 2023.