

Restoring System Benefit Fund Programs

HB 1182 by Rep. Sylvester Turner

AECT Position: Support Full Funding of the SBF

Proposal

- HB 1182 would require the Public Utility Commission of Texas (PUC) to use all available system benefit fund (SBF) dollars for SBF programs as defined in the legislation.
- The bill would prioritize SBF programs as follows:
 1. Fund a low-income discount between 10-20 percent.
 2. Provide bill-payment assistance to electric customers with one or more seriously ill or disabled low-income person in their household.
 3. Fund programs to assist low-income electric customers with energy efficiency improvements.
 4. Fund customer education programs and related administrative costs.
- The bill eliminates the PUC's ability to set the low-income discount below 10 percent if funds are not available to provide 10 percent.

AECT Position

- AECT supports full funding of the SBF for its intended purposes, including assistance to low-income electric customers, customer education and improved energy efficiency.
- AECT requests that the Legislature commit the same amount of funds to the SBF as are received annually and fund the low income discount for all twelve months of the year (instead of only summer months).
- AECT also continues to support the state-sponsored low-income program, LITE-UP Texas. Consumers continue to pay the non-bypassable SBF charge on their electric bills and should receive the intended benefits.
- The bill should be modified to include the provision that would have the PUC set the low-income discount below 10 percent in the event there are inadequate funds to reimburse REPs for providing a 10 percent discount. Without that modification, the legislation sets up the possibility of an unfunded mandate.

Discussion

- The SBF is a vital component of Texas' competitive electric marketplace. In 1999, the Texas Legislature passed the Texas Electric Choice Act, authorizing the SBF and the programs it would support. The SBF helps to ensure that the benefits of competition reach all Texans. Importantly, the SBF provided funding for a discount for low-income customers, regardless of which retail electric provider (REP) serves them.
- The SBF is financed through a non-bypassable charge, set by the Public Utility Commission of Texas (PUC) at a maximum of 65¢ per MWh, or about \$9.75 annually for a typical Texas residential electric customer.
- The SBF initially provided funding for a year-round rate discount of 10 percent. Based on legislation passed in 2007, the SBF will provide funds for a low-income discount to be disbursed in the months of May through August of 2009 at a rate set by the PUC, which is currently approximately 20 percent.