

Legislation to Enact Recommendations Included in the PUC's "2015 Scope of Competition in Electric Markets in Texas"

SB 734 by Fraser - Relating to the setting of annual interest rates for utility deposits by the PUC

PUC Recommendation H.3

AECT Position: Support

- SB 734 allows the PUC to set the rate of interest for the next calendar year on electric company deposits "on or before each December 1," rather than specifically on December 1 or the next regular workday following December 1. SB 734 simply provides the PUC additional flexibility for when it sets annual interest rates for utility deposits.
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SB 774 by Fraser - Relating to a study on periodic rate adjustment by electric utilities

PUC Recommendation H.2

AECT Position: Support as Amended

- As amended, SB 774 will reauthorize the 2011 Periodic Rate Adjustment (PRA) bill. The 2011 PRA bill is set to expire in January 2017. Under SB 774, the bill will expire on September 1, 2019. This ensures that the PRA mechanism will be available for use through the next two legislative sessions.
 - The bill revises the scope of a PUC report included in the 2011 PRA bill to more broadly study formula rate plans and other modernized ratemaking mechanisms. The report must be sent to the legislature on January 31, 2017.
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SB 775 by Fraser- Relating to the repeal of the goal for natural gas use

PUC Recommendation E.1

AECT Position: Support

- Sec. 39.9044 of the Utilities Code requires at least 50 percent of non-renewable electric generation in Texas be fueled by natural gas. SB 775 removes this section.
 - The vast majority of non-renewable electric generation installed since Sec. 39.9044 was adopted in 1999 has been natural gas-fired, rendering Sec. 39.9044 unnecessary.
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SB 776 by Fraser - Relating to the authority of the PUC to approve certain transmission facilities constructed by a municipally owned utility

PUC Recommendation B.3

AECT Position: Amend

- SB 776 requires a municipally-owned utility to obtain a certificate of convenience and necessity (CCN) before building transmission facilities outside its certificated service area.
 - SB 776 includes a standard for municipally-owned utilities that's different from the standard for investor-owned utilities. AECT supports amending the legislation to ensure a level playing field for all utilities.
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SB 777 by Fraser - Relating to the authority of the Public Utility Commission of Texas to restrict participation in the retail electric market for significant violations

PUC Recommendation A

AECT Position: Support as Amended

- AECT supports the concept of SB 777. The bill should be amended to clarify that the ban is on the individual who the PUC has sought action against. As filed, the text could be interpreted as creating an administrative burden on (and risk to) well-behaved REPs to ensure that a blacklisted individual is not in their employ. The filed language also implicitly allows employment of the blacklisted individual by other customer-impacting market participants.
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SB 931 by Fraser - Relating to the goal for renewable energy and competitive renewable energy zones

PUC Recommendations B.1 and E.2

AECT Position: Neutral

- The Competitive Renewable Energy Zone (CREZ) project was completed in 2013. SB 931 would clarify that future proposed transmission projects, even those located in the CREZ, must meet the same adequacy and need criteria as non-CREZ transmission lines.
 - Texas' renewable portfolio standard (RPS) set a mandate that at least 5,880 MW of renewable generation should be installed in Texas by 2025. The state currently has over 12,000 MW of renewable generation online, making the mandate unnecessary. SB 931 removes the goal from statute; it retains the renewable energy credit (REC) trading program.
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SB 932 by Fraser - Relating to the authority of the PUC to retain assistance for federal proceedings affecting certain electric utilities and consumers

PUC Recommendation C

AECT Position: Support

- SB 932 would allow the PUC to hire assistance for federal proceedings in areas located outside the ERCOT grid. These utilities are regulated by FERC, in addition to the PUC.
 - It is appropriate for the PUC to have resources available to participate in these cases, which often require specialized knowledge of FERC.
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SB 933 by Fraser - Relating to Relating to the authority of the PUC to review transmission interconnections that enable imports or exports from the ERCOT power grid

PUC Recommendation B.2

AECT Position: No Position

- SB 933 would require any interconnection between the ERCOT transmission grid and a neighboring grid to be approved by the PUC and found in the public interest.
 - This ensures the PUC can formally assess the impact of an interconnection between power markets.
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