



Securitization Bill (HB 4992) Approved by Texas House

HB 4992 by Chairman Chris Paddie was given final approval by the Texas House last Thursday afternoon. It allows ERCOT to securitize default uplift costs related to the winter event through a financing order issued by the PUCT. It creates a securitization corporation to administer the financing.

A floor amendment was added by Paddie that does the following:

- Limits the purpose of the new subchapter to securitizing those costs not securitized under HB 3544/SB 1580 (co-op securitization).
- Provisions of HB 3544/SB 1580 do not change, alter or reduce the obligation of a market participant to timely and fully pay the debts of the market participant to ERCOT.
- Orders the PUCT to require that all market participants pay or make provision for the full and prompt payment to ERCOT of all amounts due ERCOT to qualify, or continue to qualify, as a market participant in ERCOT.
- Requires the PUCT and ERCOT to pursue collection in full of amounts owed to ERCOT to reduce the qualifying costs that would otherwise be borne by other market participants or their customers.
- Requires all load-serving entities that receive offsets to specific uplift charges from ERCOT to adjust customer invoices to reflect the offsets for any charges that were or would be passed through to customers under the terms of service with the load-serving entity, including a refund for any offset charges already paid.
- An electric co-op, including one that elects to receive offsets, does not become subject to rate regulation by the PUCT and the receipt of offsets does not affect the applicability of PURA Chapter 41 to a co-op.
- The bill takes effect on the same date that a cooperative-specific securitization bill (HB 3544/SB 1580) takes effect.

Summary of Senate Bill 3

SB 3 by Sen. Charles Schwertner (R-Georgetown) addresses reforms to the ERCOT power grid and electric market. These changes attempt to improve the resiliency of the system so that it performs better during weather emergencies. Of all bills filed as a result of the February storm, TEC believes SB 3 is one with a high likelihood of passing. Key provisions of SB 3 are as follows:

- Creates a power outage alert system administered by TDEM.
- Establishes the Texas Energy Reliability Council to coordinate between the natural gas and electric industries. The council will map the natural gas supply chain and designate critical gas sources. The council includes a co-op representative.
- Requires retail providers (including co-ops) to provide with bills information about involuntary load shed, how to apply for designation as a critical load, and how to reduce consumption during an emergency.

QUESTIONS OR COMMENTS:

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- Mandates weatherization measures for generators, gas providers, and transmission and distribution providers (including co-ops).
- Requires ERCOT inspection of weatherization and creates penalties for noncompliance with weatherization standards. The Railroad Commission would inspect weatherization of natural gas facilities.
- Prohibits water utilities from collecting invoices during an extreme weather emergency.
- Requires intermittent generation to purchase ancillary services and backup power to manage net load variability.
- Prohibits wholesale indexed retail electric products.
- Creates an emergency pricing program, where after 12 hours of prices at the system-wide offer cap during a 24-hour period, generators would then be compensated based on their actual costs during the emergency.
- Directs the PUC to adopt a system to allocate load shed based on seasonal peak demand and categorize types of critical load for prioritizing power restoration.
- Requires utilities (including co-ops) to file a list of critical load customers or circuits and a load shed plan. Co-ops must maintain a list of customers willing to participate in voluntary load shed and coordinate with large users to encourage conversation.
- Allows the Commission to audit the implementation of load shed after an event.
- Directs ERCOT to conduct tabletop load shedding exercises.
- Requires Commission analysis of emergency operations plans and the submission of a biannual emergency preparedness report to the legislature.
- Creates the State Energy Plan Advisory Committee, which prepares a comprehensive state energy plan report that evaluates market barriers, methods to improve electric reliability, and provides recommendations on the market structure. The plan shall be filed with the legislature and the Committee is composed of members appointed by the Governor, Lieutenant Governor, and Speaker.
- Requires the PUC and ERCOT to review statutes, rules, and protocols that relate to conflicts of interest and prepare a report of the effect of these rules on the ability of the PUC and ERCOT to fulfill their duties.

The Senate engrossed version of SB 3 may be found here:

<https://capitol.texas.gov/tlodocs/87R/billtext/pdf/SB00003E.pdf#navpanes=0>

Engrossed Version of HB 1505 (Cable Pole Bill) Available

The agreed-to floor amendments have now been rolled into what is called an engrossed version of HB 1505 (the version that passed the House). The bill is now over in the Senate but has not yet been referred to committee. Here is a link to the engrossed version:

<https://capitol.texas.gov/tlodocs/87R/billtext/pdf/HB01505E.pdf#navpanes=0>