

BILL ANALYSIS

C.S.H.B. 2553
By: King, Phil
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that the Public Utility Commission of Texas (PUC) reviews certain merger and acquisition activities of power generation companies to prevent any one company from becoming a monopoly or oligopoly that could potentially manipulate the price of electricity. It has been suggested that the current conditions that trigger PUC review and approval of mergers and consolidations make it harder for the PUC to perform the required reviews in a timely fashion, which can cause regulatory uncertainty and impede business. C.S.H.B. 2553 seeks to reduce the administrative burden on business and allow for a more efficient use of PUC resources by changing those conditions.

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. 2553 amends the Utilities Code to change the condition that triggers the requirement to obtain the approval of the Public Utility Commission of Texas (PUC) before closing on a transaction between power generation companies that offer electricity for sale in Texas in the same power region to merge, consolidate, or otherwise become affiliated. The bill makes that requirement applicable if the merged, consolidated, or affiliated entity would own and control more than 10 percent of the total installed generation capacity located in, or capable of delivering electricity to, the region, rather than on the basis of the electricity offered for sale in the region by the merged, consolidated, or affiliated entity exceeding one percent of the total electricity for sale in the region. The bill clarifies that the requirement applies to a power generation company that offers electricity for sale in a power region open to customer choice. The bill establishes that a request for approval is considered approved if the PUC does not issue an order approving a transaction or condition approval on adoption of certain reasonable modifications before the 121st day after the date the PUC receives the request.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2553 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the revised trigger for PUC approval from the merged, consolidated, or affiliated entity owning or controlling more than 10 percent of the applicable total installed generation capacity to the entity owning and controlling more than 10 percent of that capacity.

The substitute includes a provision establishing a deadline for the PUC to approve or condition approval of a transaction after which the request for approval is considered automatically approved.