

## **BILL ANALYSIS**

Senate Research Center  
83R24381 JJT-D

C.S.S.B. 1351  
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Business & Commerce  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

To support the growth of the Texas population and economy, the state must ensure that there are reliable energy resources at their disposal. The Electric Reliability Council of Texas (ERCOT), the Public Utility Commission of Texas (PUC), and the Texas Legislature have identified "demand response" as a critical component of the future of energy resource management in Texas. Demand response is when electricity customers reduce their consumption in response to power grid needs or economic market signals. To that end, the 82nd Legislature passed S.B. 1125, requiring PUC to adopt rules ensuring that ERCOT allows load participation in all energy markets for residential, commercial, and industrial customer classes. However, to date, no such participation has occurred.

C.S.S.B. 1351 amends Chapter 39 (Restructuring of Electric Utility Industry) of the Utilities Code to require that PUC and ERCOT allow load participation in all energy markets to address energy resource adequacy and reliability.

The bill also requires PUC to provide oversight and adopt rules and certain procedures to ensure that the utilities can achieve a certain goal.

C.S.S.B. 1351 amends current law relating to demand-side electric energy resources in the competitive electric market.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the Public Utility Commission of Texas is modified in SECTION 2 (Section 39.905, Utilities Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter D, Chapter 39, Utilities Code, by adding Section 39.160, as follows:

Sec. 39.160. **LOAD PARTICIPATION REQUIREMENTS.** Requires the Public Utility Commission of Texas (PUC) and the independent organization certified under Section 39.151 (Essential Organization) for each power region to allow load participation in all energy markets for residential, commercial, and industrial customer classes, directly or through aggregators of retail customers, to the extent that load participation by each customer class complies with requirements of the independent organization for ensuring reliability and adequacy of the regional electric network. Requires that the load participation be designed and implemented in a manner to increase market efficiency, competition, and customer benefits.

SECTION 2. Amends Section 39.905(b), Utilities Code, as follows:

(b) Deletes existing text requiring PUC to provide oversight and adopt rules and procedures to ensure that the utilities can achieve the goal of this section by ensuring that an independent organization certified under Section 39.151 allows load participation in all energy markets for certain customer classes, either directly or through aggregators of retail customers, to the extent that load participation by those certain customer classes

complies with certain requirements in a manner that will increase market efficiency, competition, and customer benefits. Makes nonsubstantive changes.

SECTION 3. Effective date: September 1, 2013.