

BILL ANALYSIS

Senate Research Center

S.B. 1497
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As the competitive retail electric market has matured since opening in 2002, new entities are taking part in the market, providing brokerage services to retail customers. While these entities contract with customers to gain access to customer data, such as payment information and usage data, they are not required to register with the Public Utility Commission (PUC). The PUC has the authority to certify retail electric providers and to register aggregators, who bundle customers to negotiate for better rates from retail electric providers and have access to similar customer data as brokers.

The emergence of brokers is a reflection of the maturation and growth of the electric market, and, as a whole, good brokers play a vital role in the health of the market. There remain, however, the rare bad actors who can harm customers and ultimately serve to undermine customer confidence in shopping for electricity. If an unregistered broker violates the PUC's customer protection rules, there is no recourse for the harmed party. Examples of dubious market practices include misleading consumers, misrepresenting pricing, operating websites deceptively similar to reputable websites, ignoring customer protection rules, and providing no fee transparency.

As a result, PUC recommended in its 2019 Scope of Competition Report to the Texas Legislature that the Legislature require entities providing brokerage services to register with the PUC in a manner similar to retail electric aggregators, to ensure adequate customer protections for customers using a broker.

S.B. 1497 seeks to apply the same registration and customer protection requirements currently applied to aggregators and create the exact same registration standard to those providing brokerage services. This would allow the PUC to address complaints lodged against these entities in the competitive market and to seek relief or corrective measures.

As proposed, S.B. 1497 amends current law relating to the registration and regulation of brokers by the Public Utility Commission of Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to Public Utility Commission of Texas in SECTION 1 (Section 39.3555, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter H, Chapter 39, Utilities Code, by adding Section 39.3555, as follows:

Sec. 39.3555. REGISTRATION OF BROKERS. (a) Defines "brokerage services."

(b) Prohibits a person from providing brokerage services in this state for compensation or other consideration unless the person is registered with the Public Utility Commission of Texas (PUC) as a broker.

(c) Provides that a retail electric provider is not a broker and prohibits the provider from knowingly providing bids or offers to an unregistered broker and a broker from selling or taking title to electric energy.

(d) Requires a person who registers under this section to comply with customer protection provisions, disclosure requirements, and marketing guidelines established by PUC and by this title.

(e) Requires PUC to adopt rules as necessary to implement this section.

(f) Requires PUC to process a person's application for registration as a broker not later than the 60th day after the date the person files the application.

SECTION 2. Effective date: September 1, 2019.