

BILL ANALYSIS

Senate Research Center
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S.B. 1279
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Nearly all residential and small commercial customers in the Electric Reliability Council of Texas (ERCOT) power region where customers choose their retail electric provider (REP) choose a fixed-rate plan or a variable-rate plan that allows them to tailor the plan to known usage patterns.

But certain retailers have begun to offer a whole-sale indexed plan that passes along 100 percent of energy cost to consumers—including scarcity prices of up to \$9,000 per megawatt.

During the February winter storm in Texas, customers on this type of plan experienced extreme electric rate spikes, leaving retail customers with bills of thousands of dollars of charges.

That type of plan simply attributes too much risk to expect average consumers to manage. S.B. 1279 would prohibit retail electric providers from offering this type of product to residential and small-commercial customers.

As proposed, S.B. 1279 amends current law relating to wholesale indexed products offered by retail electric providers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 39, Utilities Code, by adding Section 39.110, as follows:

Sec. 39.110. WHOLESALE INDEXED PRODUCTS. (a) Defines "wholesale indexed product" to mean a retail electric product that includes in the rates charged for electricity a direct pass through of real time settlement point prices calculated for the ERCOT power region.

(b) Prohibits a retail electric provider from offering wholesale indexed products to residential customers.

SECTION 2. Requires the Public Utility Commission of Texas, as soon as practicable but not later than December 1, 2021, to adopt any rules necessary to enforce Section 39.110, Utilities Code, as added by this Act.

SECTION 3. Effective date: upon passage or September 1, 2021.