

BILL ANALYSIS

Senate Research Center
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S.B. 2194
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Jurisprudence
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Winter storm Uri led to sustained outages resulting in the loss of power, heat, and water for millions and the loss of life of more than 200 Texans. These outages were a result of a lack of generated power supply in conjunction with an extremely high demand for power by consumers. Additionally, inconsistencies in how some retail electric plans were structured left many consumers with extremely high bills following the storm.

S.B. 2194 prohibits retail electric providers from providing wholesale electric plans to residential and small commercial customers, requires large commercial and industrial customers who choose a wholesale electricity plan to sign a statement acknowledging the potential price fluctuation of the electric market before signing up for a plan, and lays out notice requirements to customers before the end of their fixed-rate plans.

As proposed, S.B. 2194 amends current law relating to the regulation of certain retail electric products.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

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 PROHIBITED. (a) Defines "wholesale indexed product."

(b) Prohibits a retail electric provider from offering a wholesale indexed product to a residential or small commercial customer.

(c) Authorizes a retail electric provider to enroll a customer other than a residential and small commercial customer in a wholesale indexed product if the provider obtains before the customer's enrollment the customer's written and signed acknowledgment that the customer accepts the potential price risks associated with a wholesale indexed product.

(d) Requires that an acknowledgment described by Subsection (c) include certain statements, in clear, boldfaced text, accompanied by the signature of the customer, and sets forth the required text of the statements.

(e) Requires a retail electric provider to keep on file an acknowledgment described by Subsection (c) for each customer while the customer is enrolled with the provider in a wholesale indexed product.

SECTION 2. Amends Section 39.112, Utilities Code, as follows:

Sec. 39.112. NOTICE OF EXPIRATION AND PRICE CHANGE. (a) Makes no changes to this subsection.

(b) Requires a retail electric provider to provide a residential customer who has a fixed rate product with at least three written notices, rather than one written notice, of the date the fixed rate product will expire. Requires that the notices be provided:

(1) not less than 90 days and not more than 119 days before the date the contract will expire, for the first notice;

(2) not less than 60 days and not more than 89 days before the date that the contract will expire, for the second notice; and

(3) not less than 30 days and not more than 59 days before the date that the contract will expire, for the third notice.

(c) Requires that each notice under Subsection (b) be provided to the customer by mail at the customer's billing address, by e-mail, if the customer's e-mail address is available to the provider and if the customer has agreed to receive notices by e-mail, and by text message, if the customer's text messaging contact information is available to the provider and if the customer has agreed to receive notices by text message.

(d) Requires that a notice provided under Subsection (b):

(1) for a notice provided by mail, include in a manner visible from the outside of the envelope in which the notice is sent, a statement that reads: "Contract Expiration Notice. See Enclosed.";

(2) if included with a customer's bill, be printed on a separate page or included as a separate document, rather than on a separate page;

(3) redesignates existing Subdivision (5) as Subdivision (3) and makes no further changes;

(4) describe any renewal offers the retail electric provider chooses to make available to the customer and identify methods by which the customer may obtain the contract documents for each of those products; and

(5) include the pricing terms for the default renewal product required under Subsection (f).

Deletes existing text requiring that a notice provided under Subsection (b) be sent to the customer's billing address by mail at least 30, but not more than 60, days preceding the date the contract will expire, and be sent to the customer's e-mail address, if available to the provider and if the customer has agreed to receive notices electronically, at least 30, but not more than 60, days preceding the date the contract will expire.

(e) Redesignates existing Subsection (c) as Subsection (e). Requires a retail electric provider to include on each billing statement, in boldfaced and underlined text, the end date of the fixed rate product.

(f) Requires the provider, except as provided by Subsection (h), to automatically serve a customer through a default renewal product if the customer does not select another retail electric product before the expiration of the customer's contract term with a retail electric provider. Authorizes the default renewal product to be a fixed rate product or a month-to-month product in which the price the customer pays for electricity may vary between billing cycles.

(g) Requires that a default renewal product that is a month-to-month product be based on clear and easily understood terms described in the customer's most recent contract with the retail electric provider.

(h) Provides that, if a retail electric provider does not provide notice of the expiration of a customer's contract with the provider in accordance with this section and the customer does not select another retail electric product before the expiration of the customer's contract term with the provider, the customer's fixed rate product remains in effect until the provider provides notice of the expiration of the contract in accordance with this section and enrolls the customer in a default renewal product, or until the customer selects another retail electric product.

(i) Redesignates existing Subsection (d) as Subsection (i) and makes no further changes.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2021.