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Public Utility Commission of Texas

Memorandum

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PUBLIC UTILITY COMMISSION
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TO: Chairman Peter Lake
Commissioner Will McAdams

FROM: Mike Hoke
Director of Governmental Relations

DATE: June 17, 2021

RE: June 24 Open Meeting; Summary of the 87th Legislative Session

The 87th Session of the Texas Legislature ended on May 31, 2021. This memo is a high-level summary of the results of the Legislative Session.

This past session there were 326 bills filed that directly affected the PUCs operations or regulated entities. This was more than double from the previous session. Pending the end of the Governor's veto period on June 20, 2021, twenty-five bills have passed that will require Commission action. This includes SB 3, which includes 41 sections covering a wide range of provisions in response to the February Winter Storm. A list of passed bills is attached to this document. In the coming weeks, staff will provide more information about the rulemaking and implementation process.

In addition, the legislature appropriated the agency approximately \$19 million dollars each year of the biennium. This is an increase of \$1.7 million from the previous biennium.

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Bills Passed by the 87th Legislature		
Industry	Bill No.	Description
Electric	HB 16	Bans wholesale indexed retail electric plans for residential and small commercial customers, adds requirements for the end of retail contracts
Water	HB 837	Water Expedited release, 13.255 take over & compensation
Water	HB 1484	Water Utility Filed rate doctrine
Electric	HB 1510	Securitization of storm recovery costs for non-ERCOT TDUs
Electric	HB 1572	Exempts mobile generators (e.g., at a construction site or oil well) from definitions of REP and utility
Water	HB 1717	Fair Market Value of a city's water system that is financially or technically unable to restore the system to compliance with applicable laws or regulations
Electric	HB 2483	Permits TDUs to lease or own and operate temporary or long-lead time facilities in order to restore service and provide energy to distribution customers after a natural disaster
Electric	HB 2586	Requires PUC to have an independent audit made of ERCOT each year, to be published on PUC website and submitted to the Legislature
Telecom	HB 2667	Adds VOIP to TUSF revenues, reserves TUSF support to small providers
Water	HB 3476	Water CCNs inside ETJs
Electric	HB 3648	Requires PUC and RRC to designate certain gas entities and facilities as critical during an energy emergency – PUC AND RRC rulemaking authority
Telecom	HB 3853	Allows electric utilities to own or operate facilities providing middle-mile broadband services and removes references to broadband over power lines in PURA. Allows rate recovery for middle-mile infrastructure.
Water	HB 3689	Water Rate appeals
Electric	HB 4492	Directs an investment from the Economic Stabilization Fund to cover ERCOT short pay amounts and repay that investment with interest. Provides a mechanism for financing reliability deployment price adder charges and high ancillary services charges.
Electric	SB 2	Changes ERCOT Governance. Requires Governor and legislative leadership to appoint a selection committee to identify board candidates. The board will be composed of the PUC Chair, OPUC, ERCOT CEO, and 8 unaffiliated members selected by the selection committee. Requires PUC approval of ERCOT rules and enforcement measures.
Electric	SB 3 Section 1	Power Outage Alert system administered by TDEM with guidance from PUC
Electric	SB 3 Section 3	Texas Energy Reliability Council. TDEM, RRC, PUC, OPUC, TCEQ, Transportation Commission, ERCOT, Natural Gas Industry, Electricity Industry, Industrial Customers
Electric	SB 3 Section 4 and 16	Critical Natural Gas Facilities
Electric	SB 3 Section 7	Increases PUC penalty authority to \$1 Million a day for failing to weatherize

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Bills Passed by the 87th Legislature		
Industry	Bill No.	Description
Electric	SB 3 Section 8	Defines “Critical care residential customer” and “Critical load industrial customer”
Electric	SB 3 Section 13	Weatherization of generators in ERCOT
Electric	SB 3 Section 14	Review of ERCOT Ancillary services
Electric	SB 3 Section 16	Weatherization of TDSPs and load shedding procedures
Electric	SB 3 Section 17	Texas Electricity Supply Chain Security and Mapping Committee
Electric	SB 3 Section 18	Ensure sufficient dispatchable generation. Review of wholesale pricing procedures
Electric	SB 3 Section 19	Non-residential DG has to register with ERCOT and the TDSP
Electric	SB 3 Section 24	Annual Extreme Weather and Emergency Preparedness Report
Water	SB 3 Sections 26-32	Water utilities, no late fees and disconnections for nonpayment during and extreme weather event
Electric	SB 3 Section 34	Annual review of conflict of interest provisions for PUC Commissioners and ERCOT Board Members
Water	SB 387	Water Rate appeals of certain municipal customers – allows for appeals when a municipality takes over an area and there is a rate change to the customers being taken over by the municipality
Water	SB 997	Raw water and contractual wholesale appeals
Electric	SB 398	Use of DG for grocery stores inside municipally owned utilities and electric cooperatives in ERCOT
Electric	SB 415	TDU Battery storage. Clarifies ownership or operation of energy storage by a Transmission and Distribution Utility allowing for contractual arrangements between a power generating company and a TDU.
Admin	SB 713	Sunset Scheduling Bill moves the PUC review from 2025 to 2023.
Electric	SB 1202	Makes clear that EV charging stations can provide charging services to their customers. Clarifies that they are not electric utilities or retail electric providers.
Electric	SB 1281	Requires a cost-benefit analysis of consumer benefits as a consideration for granting a CCN for a transmission line in ERCOT proposed for economic reasons. Requires biennial grid reliability assessment from ERCOT.
Electric	SB 1876	Adds “end stage renal disease facility” to the list of health facilities prioritized in system restoration.
Admin	SB 2154	Increases the number of PUC Commissioners to 5