

CHARGES

CHARGES OF THE SENATE INTERIM COMMITTEE ON ELECTRIC UTILITY RESTRUCTURING

INTERIM COMMITTEE CHARGES

The Senate Interim Committee on Electric Utility Restructuring shall:

1. Study and determine any needed changes in the Public Utility Regulatory Act and related statutes to create a competitive Texas electric market that is open to all classes of retail customers. Such review shall include but not be limited to the following issues:
 - an appropriate date for opening the market to direct end-use customer access, and whether a phase-in program for public schools or other governmental units is warranted;
 - methods for quantification of a utility's investments that would be uneconomic in a fully competitive market (stranded costs) and appropriate methods for recovery of costs (including rate freezes, adjustments to depreciation, transition charges, securitization);
 - balancing rate reductions with recovery of stranded costs during the transition to a competitive market;
 - the basic structural requirements for the competitive market to serve as an effective and efficient replacement for traditional regulation;
 - provisions for municipal and cooperative utilities recognizing the importance of maintaining local control of community-owned systems and protecting the financial integrity of cooperative and municipal utilities;
 - safeguards necessary for customer protection in a fully competitive marketplace (including designation of a provider of last resort, protections for low-income customers, obligations to be imposed on all providers, ability of providers to serve customers on an aggregated basis, and fair marketing and sales practices);
 - system reliability and service quality standards needed to ensure safe and reliable power and the role of the independent system operator in a fully competitive market;
 - environmental issues relating to a competitive marketplace;
 - development of renewable energy resources such as windpower in a competitive marketplace; and
 - scope and nature of the continuing role of regulation in a deregulated electric power industry including oversight of market power.
2. Make recommendations for legislative and regulatory action, if necessary.

The Committee is abolished on the date it issues its final report.

REPORT

1. The Committee is requested to submit a status report to the Lieutenant Governor on or before March 1, 1998 including the Committee's approach to its interim charge, the number and location of any hearings that have been held, the degree of public participation in the study, a schedule for future hearings, and the estimated completion date.
2. The Committee should submit copies of its final report as soon as possible, but no later than October 1, 1998. This date has been chosen so that the work of the Committee can be considered when the Legislative Budget Board is developing performance and budget recommendations to the 76th Legislature. Copies of the final report should be sent to the Lieutenant Governor, Secretary of the Senate, the Legislative Reference Library, and the Legislative Council.
3. The final report of the Committee should be approved by a majority of the voting members of the Committee and include any recommended statutory changes. A draft bill prepared by the legal staff of the Texas Legislative Council containing any recommended statutory changes should be attached to the report. Recommended agency rule changes should also be attached to the report.

BUDGET AND STAFF

The Committee may submit a proposed budget for staff and resources to the Administration Committee for approval. The Committee may receive assistance from the standing Senate Economic Development Committee with the approval of Senator David Sibley, Chair.

Where appropriate, the Committee should obtain assistance from the Senate Research Center and legislative agencies, including the Legislative Budget Board, the Legislative Council and the State Auditor. The Committee should also seek the assistance of the Public Utility Commission and the Office of Public Utility Counsel and any other Executive Branch agencies as needed.

ADVISORY MEMBERS

On agreement of the Committee, any Senator may serve as a non-voting, advisory member.

OPEN MEETINGS

The Committee should follow the provisions of HCR 212, 75th Legislature, regarding open meetings, including providing advanced public notice of all scheduled meetings to the Secretary of State, the Lieutenant Governor and the media, so the public may participate.