

BILL ANALYSIS

C.S.H.B. 1572
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There is a need from time to time for an entity that is unable to obtain sufficient electricity service to rent electric generation equipment by the wattage hour or contract for another party to operate such equipment on-site for the contracting entity to use by the wattage hour. This sort of transaction should not subject the lessor or operator to state regulation as an electric utility, yet under current state law it could be interpreted that this is the case. C.S.H.B. 1572 seeks to establish that a person not otherwise considered an electric utility is not regulated as such simply for entering into a transaction by the wattage hour.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1572 amends the Utilities Code to exclude from consideration as an "electric utility" for purposes of statutory provisions governing those utilities a person who is not otherwise an electric utility and who rents to or operates for compensation on behalf of a third party electric generation equipment that:

- is used on a site of the third party where the third party is unable to obtain sufficient electricity service;
- produces electricity on site to be consumed by the third party and not resold; and
- does not interconnect with the electric transmission or distribution system.

The bill establishes that a person who provides such rental or operation services is not for that reason considered a retail electric utility for purposes of provisions requiring a certificate of convenience and necessity.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1572 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute revises the necessary conditions for a person who rents certain electric equipment to a third party or operates the equipment on the third party's behalf to be excluded from consideration as an "electric utility" for purposes of statutory provisions governing those utilities by doing the following:

- removing specifications about the manner in which compensation is provided;
- requiring that the equipment be for use on a site where the third party is unable to obtain sufficient electricity service; and
- requiring that the equipment not interconnect with the electric transmission or distribution system.

The substitute does not contain a provision excluding an entity that provides the applicable rental or operation services from classification as a retail electric provider solely for providing the services or because of how fees or payments are calculated and billed. The substitute does not amend definitions of "retail electric provider" applicable to statutory provisions governing electric utilities and statutory provisions establishing certain customer protections.

The substitute includes a provision establishing that a person providing the applicable rental or operation services is not for that reason considered to be a retail electric utility for purposes of provisions requiring a certificate of convenience and necessity.