



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# First Partnership Activity: Market Restructuring & Renewable Energy

February 17<sup>th</sup>, 2014  
PUCT Staff Introduction

**NARUC/USAID Regulating Clean Energy International Partnership**  
*Sponsored by the United States Agency for International  
Development (USAID)*



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## **Legislative Policy & Purpose (§ 39.001)**

(a) The legislature finds that the production and sale of electricity is not a monopoly warranting regulation of rates, operations, and services and that the public interest in competitive electric markets requires that, except for transmission and distribution services and for the recovery of stranded costs, electric services and their prices should be determined by customer choices and the normal forces of competition. As a result, this chapter is enacted to protect the public interest during the transition to and in the establishment of a fully competitive electric power industry.



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

## Legislative Policy & Purpose (§ 39.001)

(b) The legislature finds that it is in the public interest to:

- (1) implement on January 1, 2002, a competitive retail electric market that allows each retail customer to choose the customer's provider of electricity and that encourages full and fair competition among all providers of electricity;
- (2) allow utilities with uneconomic generation-related assets and purchased power contracts to recover the reasonable excess costs over market of those assets and purchased power contracts;
- (3) educate utility customers about anticipated changes in the provision of retail electric service to ensure that the benefits of the competitive market reach all customers; and
- (4) protect the competitive process in a manner that ensures the confidentiality of competitively sensitive information during the transition to a competitive market and after the commencement of customer choice.

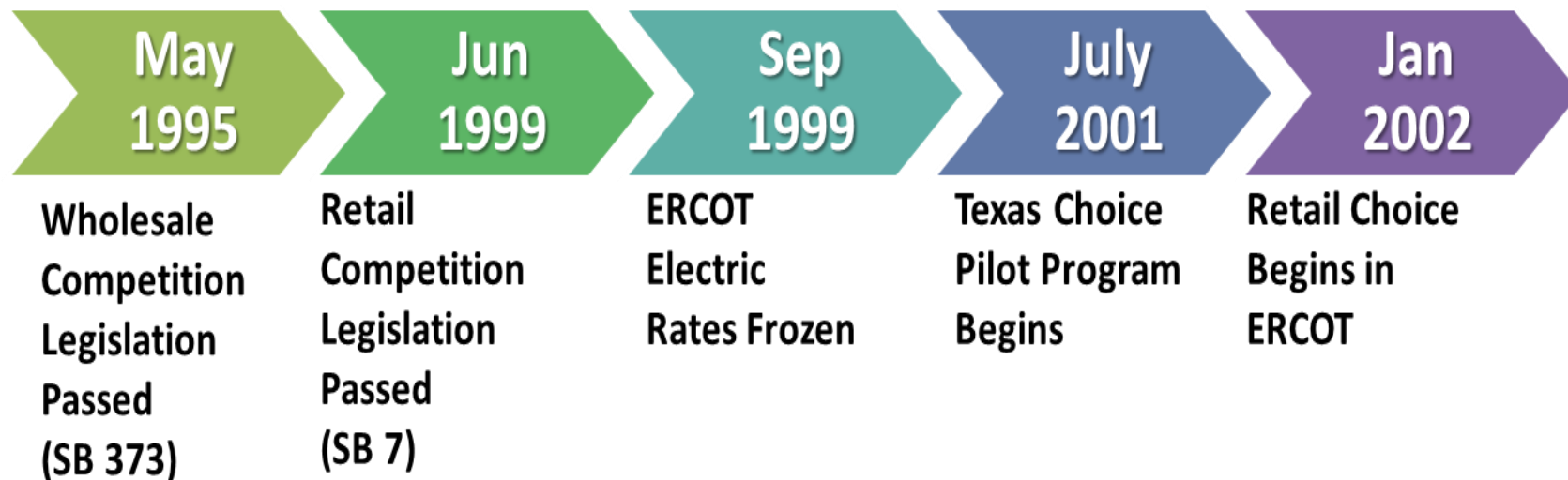


**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Steps to Electric Competition





**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Implementing SB 7

## Commission oversight over:

- Workshops
- Rulemakings
  - Wholesale
  - Retail
  - Customer Protection
- Utility Unbundling
- Capacity Auction
- POLR, Price to Beat, Default Rules and Rates Set
- ERCOT Stakeholder process



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Market Structure

## Sec. 39.151. ESSENTIAL ORGANIZATIONS.

(g) To maintain certification as an independent organization under this section, an organization's governing body must be composed of persons specified by this section and selected in accordance with formal bylaws or protocols of the organization. The bylaws or protocols must be approved by the commission and must reflect the input of the commission. The bylaws must specify the process by which appropriate stakeholders elect members and, for unaffiliated members, prescribe professional qualifications for selection as a member. The bylaws must require the use of a professional search firm to identify candidates for membership of unaffiliated members.

The process must allow for commission input in identifying candidates. The governing body must be composed of:

- (1) the chairman of the commission as an ex officio nonvoting member;
- (2) the counsellor as an ex officio voting member representing residential and small commercial consumer interests;
- (3) the chief executive officer of the independent organization as an ex officio voting member;



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Market Structure *cont.*

(4) six market participants elected by their respective market segments to serve one-year terms, with:

- (A) one representing independent generators;
- (B) one representing investor-owned utilities;
- (C) one representing power marketers;
- (D) one representing retail electric providers;
- (E) one representing municipally owned utilities; and
- (F) one representing electric cooperatives;

(5) one member representing industrial consumer interests and elected by the industrial consumer market segment to serve a one-year term;

(6) one member representing large commercial consumer interests selected in accordance with the bylaws to serve a one-year term ; and

(7) five members unaffiliated with any market segment and selected by the other members of the governing body to serve three-year terms.

(g-1) The presiding officer of the governing body must be one of the members described by Subsection (g)(7).





**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Stakeholders

- PUCT
- ERCOT ISO
- Generators
- Transmission and Distribution Utilities (TDUs, TDSPs)
- Non-Opt-In Entities
- Retail Electric Providers (REP, retailer, competitive retailer)
- Brokers and Aggregator
- Third Party Providers (serve REP and Customers directly)
- Power Marketer
- QSE, LSE
- Consumers
  - Residential, Small Non-Residential
  - Medium Non-Residential, Large Non-Residential





**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Goal for Renewable Energy (§25.173)

(a) Purpose. The purposes of this section are:

- (1) to ensure that the cumulative installed generating capacity from renewable energy technologies in this state totals 2,280 megawatts (MW) by January 1, 2007, 3,272 MW by January 1, 2009, 4,264 MW by January 1, 2011, 5,256 MW by January 1, 2013, and 5,880 MW by January 1, 2015, with a target of at least 500 MW of the total installed renewable capacity after September 1, 2005, coming from a renewable energy technology other than a source using wind energy, and that the means exist for the state to achieve a target of 10,000 MW of installed renewable capacity by January 1, 2025;
- (2) to provide for a renewable energy credits trading program by which the renewable energy requirements established by the Public Utility Regulatory Act (PURA) §39.904(a) may be achieved in the most efficient and economical manner;



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Goal for Renewable Energy (§25.173)

- (a) Purpose. The purposes of this section are (cont)
- (3) to ensure that the cumulative installed generating capacity from renewable energy resources at those sites in this state that have the greatest economic potential for capture and development of this state's environmentally beneficial resources;
  - (4) to protect and enhance the quality of the environment in Texas through increased use of renewable resources; and
  - (5) to ensure that all customers have access to providers of energy generated by renewable energy resources pursuant to PURA §39.101(b)(3).



**USAID**  
FROM THE AMERICAN PEOPLE



National  
Association of  
Regulatory  
Utility  
Commissioners

# Discussion & Questions