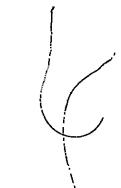
<u>CHAPTER 295</u> H.B. No. 2548

1 AN ACT

- 2 relating to electric transmission capacity.
- 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
- 4 SECTION 1. Section 35.004(d), Utilities Code, is amended to
- 5 read as follows:
- 6 (d) The commission shall price wholesale transmission
- 7 services within ERCOT based on the postage stamp method of pricing
- 8 under which a transmission-owning utility's rate is based on the
- 9 ERCOT utilities' combined annual costs of transmission divided by
- 10 the total demand placed on the combined transmission systems of all
- 11 such transmission-owning utilities within a power region. An
- 12 electric utility subject to the freeze period imposed by Section
- 13 39.052 may treat transmission costs in excess of transmission
- 14 revenues during the freeze period as an expense for purposes of
- 15 determining annual costs in the annual report filed under Section
- 16 39.257. Notwithstanding Section 36.201, the commission may approve
- 17 wholesale rates that may be periodically adjusted to ensure timely
- 18 recovery of transmission investment. Notwithstanding Section
- 19 36.054(a), if the commission determines that conditions warrant the
- 20 action, the commission may authorize the inclusion of construction
- 21 work in progress in the rate base for transmission investment
- 22 required by the commission under Section 39.203(e).
- SECTION 2. Section 37.056(c), Utilities Code, is amended to
- 24 read as follows:

- 1 (c) The commission shall grant each certificate on a 2 nondiscriminatory basis after considering:
- 3 (1) the adequacy of existing service;
- 4 (2) the need for additional service;
- 5 (3) the effect of granting the certificate on the 6 recipient of the certificate and any electric utility serving the 7 proximate area; and
- 8 (4) other factors, such as:
- 9 (A) community values;
- 10 (B) recreational and park areas;
- 11 (C) historical and aesthetic values;
- 12 (D) environmental integrity; [and]
- 13 (E) the probable improvement of service or
- 14 lowering of cost to consumers in the area if the certificate is
- 15 granted; and
- (F) to the extent applicable, the effect of
- 17 granting the certificate on the ability of this state to meet the
- 18 goal established by Section 39.904(a) of this title.
- 19 SECTION 3. Section 39.203(e), Utilities Code, is amended to
- 20 read as follows:
- 21 . (e) The commission may require an electric utility or a
- 22 transmission and distribution utility to construct or enlarge
- 23 facilities to ensure safe and reliable service for the state's
- 24 electric markets and to reduce transmission constraints within
- 25 ERCOT in a cost-effective manner where the constraints are such
- 26 that they are not being resolved through Chapter 37 or the ERCOT
- 27 transmission planning process. In any proceeding brought under

- 1 Chapter 37, an electric utility or transmission and distribution
- 2 utility ordered to construct or enlarge facilities under this
- 3 subchapter need not prove that the construction ordered is
- 4 necessary for the service, accommodation, convenience, or safety of
- 5 the public and need not address the factors listed in Sections
- 6 37.056(c)(1)-(3) and (4)(E).
- 7 SECTION 4. This Act takes effect immediately if it receives
- 8 a vote of two-thirds of all the members elected to each house, as
- 9 provided by Section 39, Article III, Texas Constitution. If this
- 10 Act does not receive the vote necessary for immediate effect, this
- 11 Act takes effect September 1, 2003.



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President of the Senate

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Speaker of the House

I certify that H.B. No. 2548 was passed by the House on May 9, 2003, by the following vote: Yeas 140, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2548 was passed by the Senate on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED:

18 JUNE '03

Date

Rick Deery
Governor

FILED IN THE OFFICE OF THE SECRETARY OF STATE
2:30cm O'CLOCK

Secretary of State