

AN ACT

relating to the governance of the Public Utility Commission of Texas, the Office of Public Utility Counsel, and an independent organization certified to manage a power region.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 12, Utilities Code, is amended by adding Section 12.0521 to read as follows:

Sec. 12.0521. PRESIDING OFFICER QUALIFICATIONS. The commissioner designated as the presiding officer must be a resident of this state.

SECTION 2. Section 13.022(a), Utilities Code, is amended to read as follows:

(a) The counsellor must:

(1) be licensed to practice law in this state and a resident of this state;

(2) have demonstrated a strong commitment to and involvement in efforts to safeguard the rights of the public; and

(3) possess the knowledge and experience necessary to practice effectively in utility proceedings.

SECTION 3. Section 39.151, Utilities Code, is amended by amending Subsections (d), (g), and (g-1) and adding Subsections (g-2), (g-3), (g-4), (g-5), and (g-6) to read as follows:

1 for the production and delivery of electricity among generators and  
2 all other market participants, or may delegate to an independent  
3 organization responsibilities for adopting [~~establishing~~] or  
4 enforcing such rules. Rules [~~Any such rules~~] adopted by an  
5 independent organization and [~~any~~] enforcement actions taken by the  
6 organization under delegated authority from the commission are  
7 subject to commission oversight and review and may not take effect  
8 before receiving commission approval. An independent organization  
9 certified by the commission is directly responsible and accountable  
10 to the commission. The commission has complete authority to  
11 oversee and investigate the organization's finances, budget, and  
12 operations as necessary to ensure the organization's  
13 accountability and to ensure that the organization adequately  
14 performs the organization's functions and duties. The organization  
15 shall fully cooperate with the commission in the commission's  
16 oversight and investigatory functions. The commission may take  
17 appropriate action against an organization that does not adequately  
18 perform the organization's functions or duties or does not comply  
19 with this section, including decertifying the organization or  
20 assessing an administrative penalty against the organization. The  
21 commission by rule shall adopt procedures governing  
22 decertification of an independent organization, selecting and  
23 certifying a successor organization, and transferring assets to the  
24 successor organization to ensure continuity of operations in the  
25 region. The commission may not implement, by order or by rule, a

1 organization for the ERCOT power region under this section, an  
2 organization's governing body must be composed of persons selected  
3 by the ERCOT board selection committee [~~specified by this section~~  
4 ~~and selected in accordance with formal bylaws or protocols of the~~  
5 ~~organization~~].

6 (g-1) The independent organization's bylaws or protocols  
7 must be approved by the commission and must reflect the input of the  
8 commission. [~~The bylaws must specify the process by which~~  
9 ~~appropriate stakeholders elect members and, for unaffiliated~~  
10 ~~members, prescribe professional qualifications for selection as a~~  
11 ~~member.~~] The bylaws must require that every member of the governing  
12 body be a resident of this state and must prohibit a legislator from  
13 serving as a member [~~the use of a professional search firm to~~  
14 ~~identify candidates for membership of unaffiliated members. The~~  
15 ~~process must allow for commission input in identifying candidates~~].  
16 The governing body must be composed of:

17 (1) the chairman of the commission as an ex officio  
18 nonvoting member;

19 (2) the counsellor as an ex officio voting member  
20 representing residential and small commercial consumer interests;

21 (3) the chief executive officer of the independent  
22 organization as an ex officio nonvoting [~~voting~~] member; and

23 (4) eight members selected by the selection committee  
24 under Section 39.1513 with executive-level experience in any of the  
25 following professions:

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"ERCOT Panel Discussion: Market Redesign"