

HB 637 -- ELECTRICAL CHOICE AND COMPETITION

SPONSOR: Mayhew

This bill creates the "Electrical Choice and Competition Law". In it's main provisions, the bill:

- (1) Specifies that beginning June 1, 2024, the provisions of the bill will govern the sale of electric energy and any provisions of law that conflict will be invalid and void;
- (2) Requires the Public Service Commission, beginning June 1, 2024, to allow commercial and industrial customers of electric utilities to choose a electric generation supplier;
- (3) Requires the Commission, on a time frame set by the Commission but no later than January 1, 2027, to allow residential customers of electric utilities to choose a electric generation supplier;
- (4) Requires the Commission to develop procedures for a fair and orderly transition for the current regulated structure to a competitive market for generation and sale or purchase of electricity;
- (5) Specifies that electric utilities, as defined in the bill, must provide open access over their transmission and distribution systems to all electric generation suppliers to sell electricity directly to customers;
- (6) Requires electric utilities to unbundle the rates charged for generation, transmission, and distribution services by June 1, 2024. Following the unbundling of rates, the Commission will no longer regulate the generation of electricity, but will continue to regulation the transmission and distribution of electricity as a natural monopoly;
- (7) Specifies that between June 1, 2024, and January 1, 2027, residential customers' unbundled rate must remain the same unless the Commission approves an increase to the transmission and distribution charges;
- (8) Specifies that an electric utility may recover under certain conditions transition or stranded costs traditionally recoverable in a regulated environment but are not recoverable in a competitive electric generation market;
- (9) Authorizes electric utilities to opt, at any time, to divest their generation assets and specifies the options utilities may use to divest;

(10) Prohibits an electric utility from using its own generation assets for providing retail service to its customers once a competitive market for electric generation service is implemented for that class of customers and from recovering the costs of generation from its sale of electricity to retail customers;

(11) Requires the Commission to determine whether it is necessary to establish an independent market monitor to ensure that no entity owns generation assets in an amount that gives the entity market power;

(12) Requires each electric utility to submit to the Commission a restructuring plan to implement direct access to a competitive market for the generation of electricity and specifies the content of the plan and the time line for submittal;

(13) Specifies the procedure for and time line in which the Commission must review each restructuring plan;

(14) Specifies that once a competitive market is implemented for a class of customers, electric utilities must provide default service to customers that do not choose a electric generation supplier;

(15) Establishes a rate structure for each class of customers as specified in the bill;

(16) Requires the Commission to establish a competitive procurement process and regulations to ensure direct access on equal and nondiscriminatory terms as specified in the bill;

(17) Authorizes the commission to impose civil penalties of not more than \$1,000 on entities that engage in prohibited conduct or anticompetitive or discriminatory conduct;

(18) Specifies that electric utilities have an obligation to provide open and nondiscriminatory access to their systems for electric generation suppliers to provide service, including customer metering and other customer information so long as the electric generation supplier receives customer consent for the release of the data;

(19) Authorizes the Commission to investigate and establish guidelines for retail market enhancement programs that allow a electric generation suppliers to offer competitive products and services to consumers;

(20) Requires the Commission to develop a robust customer education program to ensure that consumers have access to accurate

information about their ability to access the competitive market and to explore the use of a website that enables consumers to compare products and services being offered by electric generation suppliers;

(21) Prohibits any entity from being a electric generation supplier in this state unless it holds a license issued by the Commission as specified in the bill;

(22) Authorizes the commission to establish a filing fee for an electric generation supplier of not more than \$500;

(23) Specifies that the bill does not affect the ability of residential customers to retain access to financial assistance benefits currently available to qualifying low-income customers or to receive safe and reliable electricity service; and

(24) Requires the Commission to establish guidelines for the provisioning of electric generation service to residential customers that ensure accurate and adequate pricing information, an understandable format that enables comparing prices and services, and clear processes to confirm and document a customer's intent to switch electric generation suppliers to avoid any unauthorized switches of generation service.

This bill is similar to HB 2742 (2022).