

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: HB2372

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Nutter

3. Committee: Commerce and Labor

4. Title: Electric utility rates; curtailing peak power purchases.

5. Summary: Electric utility rates; curtailing peak power purchases. Directs the State Corporation Commission to promulgate regulations requiring electric utilities to offer electric service to nonresidential customers under a tariff that induces customers to curtail electricity usage during periods when the utility's costs of purchasing electric power rise above their norm as a result of heightened load demand and system congestion. The tariff shall ensure that the utility's costs savings are shared with customers who curtail demand for electric power through reduced rates or charges.

6. Fiscal Impact Estimates: No impact

7. Budget Amendment Necessary: None

8. Fiscal Implications: None

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: None

11. Other Comments:

The legislation contains problematic language (lines 20-21) which notes that the inducements for curtailment should provide greater incentives than current rates. Once new inducements are placed in the tariffs those rates would become the incentives "provided currently under interruptible service schedules" and a requirement for newer and greater incentives would automatically occur. It may be appropriate to reference interruptible rates of a date certain as opposed to those currently in effect. Additionally, the legislative prohibits penalties for interruptible customers who fail to curtail their usage. Absent any such penalty, customer interruptions could not be considered in any integrated resource planning process as an alternative capacity resource since customer curtailments could not be viewed as a reliable capacity resource.

Date: 1/30/2009 C. Walker
cc: Secretary of Commerce and Trade