

1-1 By: Hernandez, et al. (Senate Sponsor - Hancock) H.B. No. 16
 1-2 (In the Senate - Received from the House March 31, 2021;
 1-3 April 8, 2021, read first time and referred to Committee on
 1-4 Business & Commerce; April 23, 2021, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 8,
 1-6 Nays 0; April 23, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 16 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the regulation of certain retail electric products.
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-23 SECTION 1. Subchapter C, Chapter 39, Utilities Code, is
 1-24 amended by adding Section 39.110 to read as follows:
 1-25 Sec. 39.110. WHOLESALE INDEXED PRODUCTS PROHIBITED. (a)
 1-26 In this section, "wholesale indexed product" means a retail
 1-27 electric product in which the price a customer pays for electricity
 1-28 includes a direct pass-through of real-time settlement point prices
 1-29 determined by the independent organization certified under Section
 1-30 39.151 for the ERCOT power region.
 1-31 (b) An aggregator, a broker, or a retail electric provider
 1-32 may not offer a wholesale indexed product to a residential or small
 1-33 commercial customer.
 1-34 (c) An aggregator, a broker, or a retail electric provider
 1-35 may enroll a customer other than a residential and small commercial
 1-36 customer in a wholesale indexed product only if the provider,
 1-37 aggregator, or broker obtains before the customer's enrollment an
 1-38 acknowledgment signed by the customer that the customer accepts the
 1-39 potential price risks associated with a wholesale indexed product.
 1-40 (d) An acknowledgment required by Subsection (c) must
 1-41 include the following statement, in clear, boldfaced text:
 1-42 "I understand that the volatility and fluctuation of
 1-43 wholesale energy pricing may cause my energy bill to be
 1-44 multiple times higher in a month in which wholesale
 1-45 energy prices are high. I understand that I will be
 1-46 responsible for charges caused by fluctuations in
 1-47 wholesale energy prices."
 1-48 (e) An acknowledgment required by Subsection (c) may be
 1-49 included as an addendum to a contract.
 1-50 (f) A retail electric provider that provides a wholesale
 1-51 indexed product to a customer must keep on file the acknowledgment
 1-52 required by Subsection (c) for each customer while the customer is
 1-53 enrolled with the retail electric provider in the wholesale indexed
 1-54 product.
 1-55 SECTION 2. Section 39.112, Utilities Code, is amended to
 1-56 read as follows:
 1-57 Sec. 39.112. NOTICE OF EXPIRATION AND PRICE CHANGE. (a) In
 1-58 this section, "fixed rate product" means a retail electric product
 1-59 with a term of at least three months for which the price for each
 1-60 billing period, including recurring charges, does not change

2-1 throughout the term of the contract, except that the price may vary
 2-2 to reflect actual changes in transmission and distribution utility
 2-3 charges, changes to ERCOT or Texas Regional Entity administrative
 2-4 fees charged to loads, or changes to federal, state, or local laws
 2-5 that result in new or modified fees or costs that are not within the
 2-6 retail electric provider's control.

2-7 (b) A retail electric provider shall provide a residential
 2-8 customer who has a fixed rate product with at least three ~~[one]~~
 2-9 written notices ~~[notice]~~ of the date the fixed rate product will
 2-10 expire. The notices ~~[notice]~~ must be provided during the last third
 2-11 of the contract period and in intervals that allow for, as
 2-12 practicable, even distribution of the notices throughout the last
 2-13 third of the contract period. The final notice for a contract with
 2-14 a period of more than four months must be provided at least 30 days
 2-15 before the date that the contract will expire. The final notice for
 2-16 a contract with a period of less than four months must be provided
 2-17 at least 15 days before the date that the contract will expire.

2-18 (c) The retail electric provider must provide each notice
 2-19 required by Subsection (b) to the customer by mail at the customer's
 2-20 billing address, unless the customer has opted to receive
 2-21 communications electronically from the retail electric provider.

2-22 (d) If the retail electric provider has access to customer
 2-23 contact information that allows the provider to send the customer a
 2-24 text message or call the customer, and the customer has agreed to
 2-25 receive notices by text message or call, the retail electric
 2-26 provider may provide additional notice to the customer by text
 2-27 message or call of the date the fixed rate product will expire.
 2-28 Notice provided by text message or call does not constitute notice
 2-29 under Subsection (b).

2-30 (e) A notice required by Subsection (b) must:

2-31 (1) for a notice provided by mail, ~~[be sent to the~~
 2-32 customer's billing address by mail at least 30, but not more than
 2-33 60, days preceding the date the contract will expire;

2-34 ~~[(2) be sent to the customer's e-mail address, if~~
 2-35 ~~available to the provider and if the customer has agreed to receive~~
 2-36 ~~notices electronically, at least 30, but not more than 60, days~~
 2-37 ~~preceding the date the contract will expire;~~

2-38 ~~[(3)] include in a manner visible from ~~[on]~~ the~~
 2-39 ~~outside of the envelope in which the notice is sent, a statement~~
 2-40 ~~that reads: "Contract Expiration Notice. See Enclosed.";~~

2-41 (2) ~~[(4)] if included with a customer's bill, be~~
 2-42 ~~printed on a separate page or included as a separate document; ~~[and]~~~~

2-43 (3) ~~[(5)] include a description of any fees or charges~~
 2-44 ~~associated with the early termination of the customer's fixed rate~~
 2-45 ~~product; and~~

2-46 (4) describe any renewal offers the retail electric
 2-47 provider chooses to make available to the customer and identify
 2-48 methods by which the customer may obtain the contract documents for
 2-49 each of the offered products.

2-50 (f) The final notice provided under Subsection (b) must
 2-51 include the pricing terms for the default renewal product required
 2-52 by Subsection (h).

2-53 (g) ~~[(e)]~~ A retail electric provider shall include on each
 2-54 billing statement, in boldfaced and underlined text, the end date
 2-55 of the fixed rate product.

2-56 (h) Except as provided by Subsection (j), if a customer does
 2-57 not select another retail electric product before the expiration of
 2-58 the customer's contract term with a retail electric provider, the
 2-59 provider shall automatically serve the customer through a default
 2-60 renewal product that the customer may cancel at any time without a
 2-61 fee. The default renewal product must be:

2-62 (1) a month-to-month product in which the price the
 2-63 customer pays for electricity may vary between billing cycles; and

2-64 (2) based on clear terms designed to be easily
 2-65 understood by the average customer.

2-66 (i) A retail electric provider shall include in each
 2-67 contract for service the terms of the default renewal product that
 2-68 the customer will automatically be enrolled in under Subsection (h)
 2-69 if the customer does not select another retail electric product

3-1 before the expiration of the contract term.

3-2 (j) If a retail electric provider does not provide notice of
3-3 the expiration of a customer's contract with the provider in
3-4 accordance with this section and the customer does not select
3-5 another retail electric product before the expiration of the
3-6 customer's contract term with the provider, the retail electric
3-7 provider must continue to serve the customer under the pricing
3-8 terms of the fixed rate product contract until:

3-9 (1) the provider provides notice of the expiration of
3-10 the contract in accordance with this section; or

3-11 (2) the customer selects another retail electric
3-12 product.

3-13 (k) [~~(d)~~] No provision in this section shall be construed to
3-14 prohibit the commission from adopting rules that would provide a
3-15 greater degree of customer protection.

3-16 SECTION 3. The changes in law made by this Act apply only to
3-17 an enrollment or re-enrollment of a customer in a retail electric
3-18 product that is executed on or after the effective date of this Act.
3-19 An enrollment or re-enrollment of a customer in a retail electric
3-20 product that is executed before the effective date of this Act is
3-21 governed by the law as it existed immediately before the effective
3-22 date of this Act, and that law is continued in effect for that
3-23 purpose.

3-24 SECTION 4. This Act takes effect September 1, 2021.

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