



SIERRA CLUB

LONE STAR CHAPTER

To: Chair Todd Hunter, House Committee on State Affairs
Members, House Committee on State Affairs
From: Cyrus Reed, Conservation Director, Sierra Club, Lone Star Chapter

April 26th, 2023

The Sierra Club Supports HB 3078 (Hernandez) Relating to a program to provide assistance for certain retail electric customers.

Electric prices have nearly doubled in the ERCOT market over the last year and prices are unlikely to fall. Recently, more conservative operations by ERCOT have led to a near doubling of ancillary services, and a recent decision to adopt additional changes that will add \$500 million to the market through a price-adder in the ORDC will only make costs on residential consumers higher. The expected adoption of a PCM could lead to even higher costs on residential consumers.

Today, unlike many other states, Texas does not currently offer a state payment assistance program for working Texans with high electric bills. Some individual retail electric providers do offer voluntary payment assistance programs, and many Texans are able to take advantage of federal funding programs through LIHEAP and DOE Weatherization programs. HB 3078 would create the changes in statutes to allow for such a program, though the actual funding of the program would need to come through the appropriations process.

When Texas first deregulated the electric market, the legislature created a low-income discount program known as the Systems Benefit Fund and for many years all customers within ERCOT paid a non-bypassable fee that was collected and used by the PUCT to offer a summertime discount on electric bills of qualifying Texans. The program could also be used for customer education and weatherization of homes. The program, however, was ended by the Legislature after many years, in part because of frustration over the collection of payments and the failure to appropriate the money for its purpose

for which it was collected. Still, for many years the program helped thousands of Texans, particularly with high summertime bills.

HB 3078 would change that by creating a statewide payment assistance program. While the program would be similar to the Systems Benefit Fund, it would be more flexible and voluntary for those Texans who apply to be part of the program. The program would mainly focus on households with disabled or ill Texans who need extra help. The program however would only exist to the extent that the Legislature put general revenue or federal funds into the program. The bill would amend the Utilities Code to create the Low Income Electric Discount Program and establish rules for administration of the program. Additionally, the bill would establish the Income Based Assistance fund as a General Revenue Dedicated fund consisting of money appropriated, credited, or transferred to the fund by the legislature, gifts or grants contributed to the fund, and interest earned on deposits and investments of the fund.

The bill would provide for a low income electric discount program that would provide for reduced rates on residential electric bills, one-time bill payment assistance, customer education, support for low income electric customers to access targeted energy efficiency programs and reimbursement to the Public Utilities Commission (PUC) and the Health and Human Services Commission (HHSC) for expenses incurred in for program administration and implementation.

While passage of HB 3078 by itself will not lead to assistance without appropriations, HB 3078 could provide the basis for future help for thousands of Texans to help pay bills and participate in targeted energy efficiency programs. With electric bills skyrocketing, putting in place statewide programs to help our most medically and economically challenged Texans would help keep disconnecting to a minimum and assure that Texans can afford their bills, while also helping get them into programs to help permanently reduce their bills through targeted energy efficiency programs.