

Revised Texas PUC Registration Requirements and Texas Legislative Update

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CHANGE TO MARKET PARTICIPANT QUALIFICATION AND REPORTING

At the Public Utility Commission of Texas (PUC) Open Meeting on 6 April 2023, the commissioners established an annual certification requirement for power marketers, retail electric providers (REPs), and power generation companies (PGCs). While this summary focuses primarily on the changes applicable to the certification deadlines of REPs, power marketers, and PGCs, the PUC also adopted several other changes, including changes to security requirements and complaint handling for REPs.

The new rules are designed to ensure the PUC has necessary and current information on REPs, power marketers, and PGCs and create an annual registration requirement for power marketers and a biennial registration requirement for PGCs. Market participants must make their initial filing by the initial compliance deadline below, then in future years, must make annual or biennial filings based on their ongoing compliance deadlines.

Market Participant Type	Initial Compliance Deadline	Ongoing Compliance Deadline
REP (Option 1)	5 March 2024	Annual Report due 5 March Semiannual Report due 15 August
PGC	1 June 2023	28 February of every other calendar year (if registration number is an even number, must submit its registration renewal on all even number years, if registration number is an odd number, must submit its registration renewal on

Market Participant Type	Initial Compliance Deadline	Ongoing Compliance Deadline
		all odd number years)
Power Marketer	1 January 2024	On or before 1 November of each calendar year

The PUCT also adopted amended certification and registration forms and other documents associated with the registration rules concerning REPs, PGCs, and power marketers. Those revised forms should be available on the PUCT’s website in the coming days.

The order adopting these revisions can be found [here](#).

TEXAS SENATE UPDATE

On 5 April 2023, the Texas Senate passed a number of bills that were part of the Texas Senate’s power grid reform package, aimed at making the Texas electric grid more reliable. Proponents of these bills say they are in response to Winter Storm Uri and the need for new dispatchable generation (primarily natural gas) online. In a statement following the passage, Lt. Gov. Dan Patrick said, “[t]he Senate’s grid reform package levels the playing field between dispatchable and renewable energy sources by elevating dispatchable energy sources to put ratepayers first.” The package includes Senate Bill (S.B.) 6, S.B. 7, S.B. 2010, S.B. 2011, S.B. 2012, S.B. 2013, and Senate Joint Resolution 1, by Sen. Charles Schwertner, and S.B. 1287, S.B. 2014, and S.B. 2015 by Sen. Phil King.

- S.B. 6 directs state utility regulators to build 10,000 megawatts (MW) of gas power generation that is weatherized, with onsite fuel, that is only to be used in cases of emergency. S.B. 6 also creates a low-interest loan program to maintain older dispatchable generation plants, reducing interests rates from 6–7% to 0% for the financing of new generation plants. Sen. Charles Schwertner stated the proposal is an insurance plan for the state’s grid. The legislation would set aside US\$10 billion of state money to finance the 10,000 MW of natural gas power plants. Opponents of the legislation allege the plan could cost the state US\$18 billion, which is US\$8 billion over what proponents have claimed are the associated costs.
- S.B. 7 was also passed, which creates a new ancillary service for dispatchable generators and a calculation that the Electric Reliability Council of Texas (ERCOT) can use to require generation to firm up to be more reliable. The bill requires intermittent power generators like solar and wind to purchase reserves from dispatchable generators that can react to demand.
- S.B. 1287 requires the PUCT to set a cap on how much of a company’s cost of connecting to the grid (interconnection costs) can be paid by Texas consumers.
- S.B. 2012 places guardrails on the Performance Credit Mechanism (PCM) adopted by the PUCT, which is designed to incentivize the construction of dispatchable generation and requires electric companies to pay generators to produce power in times of shortage.
- S.B. 2010 requires the Independent Market Monitor to report all discovered or potential

violations of PUCT or ERCOT rules and all potential market manipulations to be delivered in writing to PUCT staff and requires the PUCT to produce public annual reports.

- S.B. 2011 updates Voluntary Mitigation Plan (VMP) requirements to ensure such plants provide meaningful protections against market power abuses.
- S.B. 2013 adds protections to prevent attacks on the Texas power grid.
- S.B. 2014 eliminates Renewable Energy Credits, and is arguably designed to level the playing field between renewable generation and dispatchable generation.
- Finally, S.B. 2015 creates a goal of 50% dispatchable energy for the ERCOT grid, again, arguably to level the playing field between dispatchable and renewable generation.

These bills will now go to the House, where they are expected to face additional scrutiny but have support of both the Governor and Lt. Governor.

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