



# Item 14: Sunset Commission Recommendations Regarding ERCOT Fee Variability

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Finance & Audit Committee Meeting

ERCOT Public

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# Sunset Commission Recommendations Regarding ERCOT Fee Variability

## ***Issue 2***

**Statutory Changes Are Needed to Ensure the Public Utility Commission's Improved Processes of Overseeing the Electric Reliability Council of Texas Continue in the Future.**

### **Recommendations**

- Require the System Administration Fee to vary when needed to match revenues to the budget.
- Require PUC to exercise additional oversight authority of the Electric Reliability Council of Texas by:
  - review and approval of annual budgets for ERCOT on a timeframe determined by PUC;
  - prior review and approval of all debt financing, except as negotiated by PUC and ERCOT; and
  - annual review of PUC-approved performance measures tracking ERCOT's operations.

## **2.2 Require the System Administration Fee to vary when needed to match revenues to the budget approved by PUC.**

PUC would approve the appropriate level of funding for ERCOT's annual budget, instead of the current procedure of approving the fee needed to raise a particular amount of funding. ERCOT would have the authority to vary the System Administration Fee to help meet budgeted requirements. ERCOT would be expected to closely match funding sources to the budget so that budgetary years would not end with extra or inadequate funds, and would report to PUC as that agency requires on the matchup between funding and budget. PUC would provide guidelines on the range of variation that would be allowed, and would approve the request for fee change, taking into account the timing of the change and its effect on market participants and consumers. The fee setting process would not require a contested case under the Administrative Procedure Act. This recommendation would add additional flexibility for ERCOT to match funds to its PUC-approved budget, as recommended by the Sunset Commission in 2010.