



Regulatory Drivers of Utility IT -- Advanced Metering in Texas

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Advanced Metering in Texas

Overview

- Competitive market context
- 2005 legislation
- PUC advanced metering rule
- Advanced metering implementation





Retail Competition in Texas

- 1999 legislation introduced retail competition
 - Retail competition has been in effect in ERCOT since 2002
- Legislation resulted in utility unbundling, sale of assets, and significant market entry
 - Formerly integrated companies split into generation, transmission and distribution, and retail sales operations
- Legislation contemplated that metering would be provided competitively



2005 Legislation - HB 2129

- The Energy Planning Council recommended to the Legislature in 2005 that metering services should be provided by transmission and distribution utilities
- Legislature agreed, recognizing the benefits that could be realized from advances in digital and communications equipment and technologies, and encouraged adoption of these technologies by electric utilities in the state
- PUC directed to establish surcharge for advanced metering
 - Timely recover costs of deploying advanced meters to residential and non-residential customers
 - Rates based on costs and charged to customer classes receiving the service



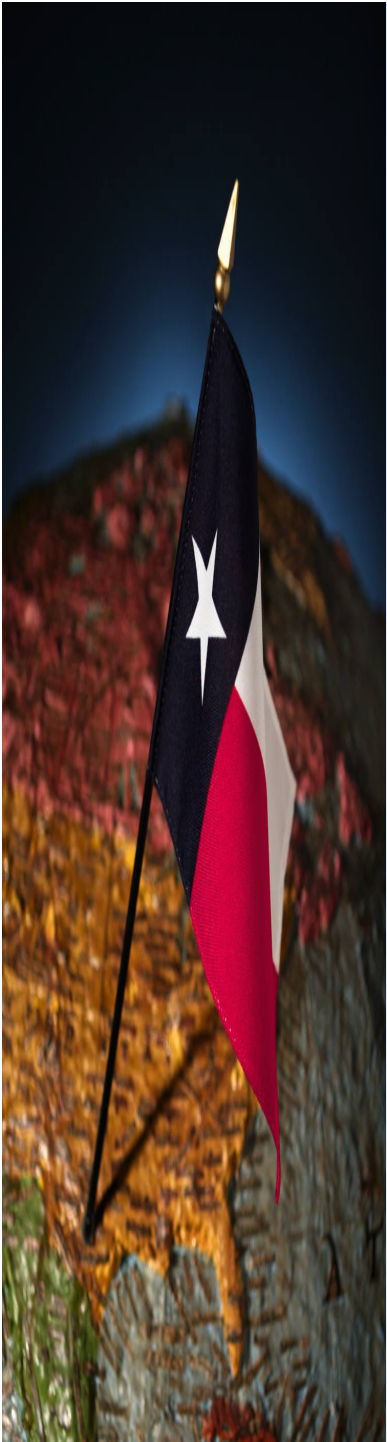
Advanced metering systems (AMS) will enhance the benefits of competition

- Benefits to consumers and REPs
 - Encourages dynamic pricing and demand response
 - Provides more choices for consumers
 - Offers greater ability for REPs for market differentiation
- Increases reliability of network
- Makes better use of generation and transmission and distribution assets



Advanced Metering Rule

- P.U.C. Subst. R. 25.130 adopted in May after extensive consultation with manufacturers, retail providers, utilities and customer representatives
 - AMS deployment is voluntary, but PUC by separate rule could order it
 - Utility to file statement of functionality and deployment plan or request for approval of deployment
 - Cost recovery pursuant to surcharge if deployment is consistent with rules or waiver is granted
 - Up to 10,000 meters allowed in a pilot project (no PUC approval necessary)

A vertical photograph of the Texas state flag on a black pole, set against a background of autumn foliage. The flag features a white five-pointed star on a black field, with a red vertical stripe on the left and a white vertical stripe on the right.

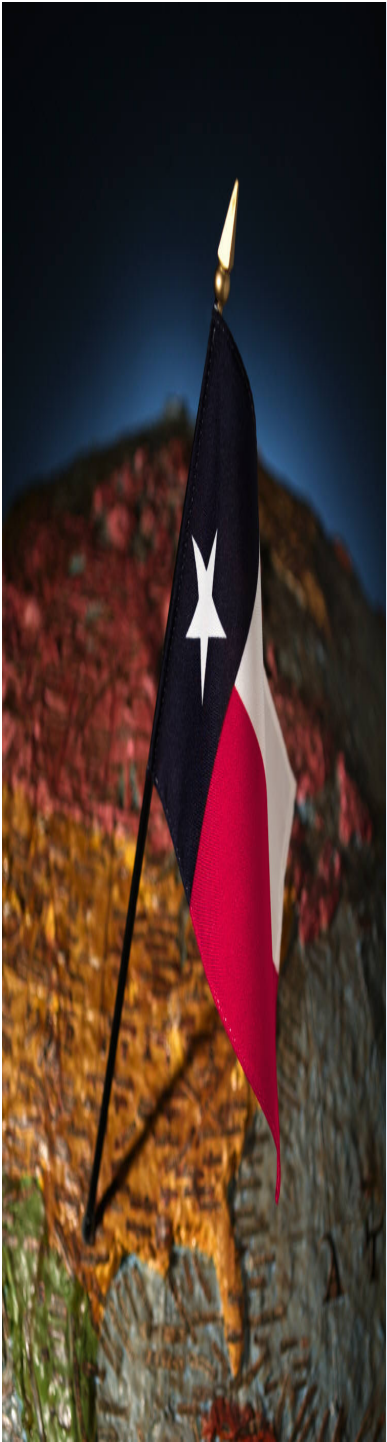
Mandatory AMS Features (floor, not a ceiling)

- Remote meter reading
- **Two-way communications**
- Remote connection and disconnection
- **Time-stamping of meter data**
- Direct, real-time access for customer and REP to meter data
- **Fifteen-minute data (still working through issues)**
- Storage of data
- **Open standards and protocols**
- Communication with premises devices
- **Upgrade capability**

Goals of the PUC Rule

- Comprehensive set of uniform functions necessary to achieve the full benefits of AMS
- Encourage demand response as markets mature (nodal and energy-only)
- Link the wholesale and retail markets
- Be forward thinking to allow technology to develop over time





Utilities are in various stages of AMS testing and plans for deployment

- **CenterPoint** - Ongoing pilot with approximately 10,000 meters; Anticipates full deployment in 2008-2012 following surcharge
- **Oncor** - Working on technology with 125,000 BPL meters and 450,000 PLC meters anticipated in test deployment by year end; Anticipates continued deployment in 2008 after technology finalized
- **AEP** - Researching and testing; Anticipates a request for proposal (RFP) in Spring 2008
- **TNMP** - Phased approach with limited pilot for automated meter reading to test the limits of rural areas; Anticipates RFP by early 2008
- PUC Project No. 34610 is open to consider issues related to AMS implementation

For More Information

Advanced Metering Rule -

[www.puc.state.tx.us/rules/subrules/
electric/25.130](http://www.puc.state.tx.us/rules/subrules/electric/25.130)

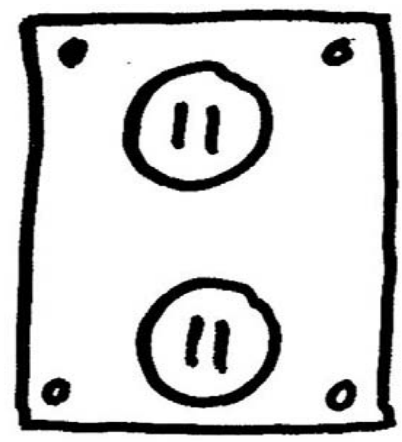
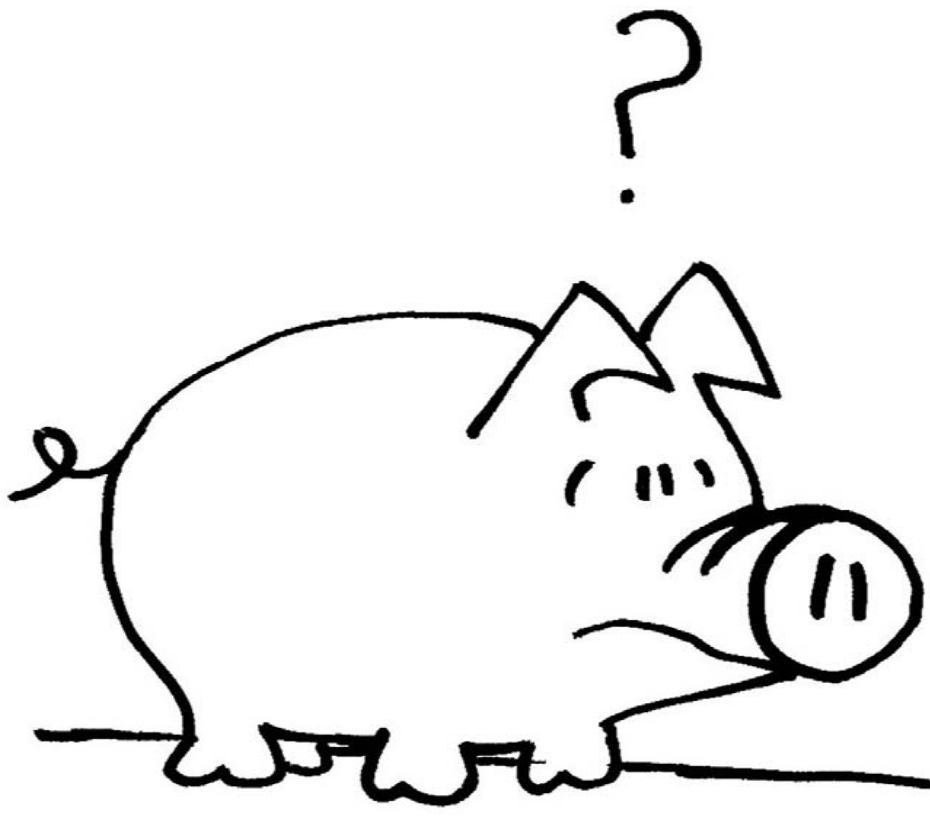
Advanced Metering Implementation Project -

[Project No. 34610](#)

HB 2129 -

www.capitol.state.tx.us - Search
Legislation - 79(R) HB2129





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