

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

Subchapter A. GENERAL PROVISIONS.

§25.8. Classification System for Violations of Statutes, Rules, and Orders Applicable to Electric Service Providers.

- (a) **Purpose.** The purpose of this rule is to establish a classification system for violations of the Public Utility Regulatory Act (PURA) and related commission rules and orders, and to establish a range of penalties that may be assessed for each class of violations.
- (b) **Classification system.**
- (1) **Class C violations.**
 - (A) Penalties for Class C violations must not exceed \$1,000 per violation per day.
 - (B) The following violations are Class C violations:
 - (i) failure to file a report or provide information required to be submitted to the commission under this chapter within the timeline required;
 - (ii) failure by an electric utility, retail electric provider, or aggregator to investigate a customer complaint and appropriately report the results within the timeline required;
 - (iii) failure to update information relating to a registration or certificate by the commission within the timeline required; and
 - (iv) a violation of the Electric no-call list.
 - (2) **Class B violations.**
 - (A) Penalties for Class B violations must not exceed \$5,000 per violation per day.
 - (B) All violations not specifically enumerated as a Class C, Class A, or special violations are Class B violations.
 - (3) **Class A violations.**
 - (A) Penalties for Class A violations must not exceed \$25,000 per violation per day.
 - (B) The following types of violations are Class A violations if they create economic harm in excess of \$5,000 to a person or persons, property, or the environment, or create an economic benefit to the violator in excess of \$5,000; create a hazard or potential hazard to the health or safety of the public; or cause a risk to the reliability of a transmission or distribution system or a portion thereof.
 - (i) A violation related to the wholesale electric market, including protocols and other requirements established by an independent organization;
 - (ii) A violation related to electric service quality standards or reliability standards established by the commission or an independent organization;
 - (iii) A violation related to the code of conduct between electric utilities and their competitive affiliates;
 - (iv) A violation related to prohibited discrimination in the provision of electric service;
 - (v) A violation related to improper disconnection of electric service;
 - (vi) A violation related to fraudulent, unfair, misleading, deceptive, or anticompetitive business practices;
 - (vii) Conducting business subject to the jurisdiction of the commission without proper commission authorization, registration, licensing, or certification;
 - (viii) A violation committed by ERCOT;
 - (ix) A violation not otherwise enumerated in this paragraph (3)(B) of this subsection that creates a hazard or potential hazard to the health or safety of the public;
 - (x) A violation not otherwise enumerated in this paragraph (3)(B) of this subsection that creates economic harm to a person or persons, property, or the environment in excess of \$5,000, or creates an economic benefit to the violator in excess of \$5,000; and

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- (xi) A violation not otherwise enumerated in this paragraph (3)(B) of this subsection that causes a risk to the reliability of a transmission or distribution system or a portion thereof.
- (4) **Special violations.**
 - (A) “Special violations” does not constitute a class of violations for purposes of PURA §15.023(d).
 - (B) The following types of violations are special violations for which a penalty must not exceed \$1,000,000 per violation per day.
 - (i) A violation of PURA §39.157(a) or §25.503(g)(7) of this title (relating to Oversight of Wholesale Market Participants) in conjunction with not adhering to an applicable voluntary mitigation plan adopted under PURA §15.023(f) or §25.504 of this title (relating to Wholesale Market Power in the Electric Reliability Council of Texas Power Region);
 - (ii) A violation of PURA §35.0021 or a commission rule or order adopted under PURA §35.0021; and
 - (iii) A violation of PURA §38.075 or a commission rule or order adopted under PURA §38.075.
- (c) **Application of enforcement provisions of other rules.** To the extent that PURA or other rules in this chapter establish a range of administrative penalties that are inconsistent with the penalty ranges provided for in subsection (b) of this section, the other provisions control with respect to violations of those rules.
- (d) **Assessment of administrative penalties.** In addition to the requirements of §22.246 of this title (relating to Administrative Penalties), a notice of violation recommending administrative penalties will indicate the class of violation.