

1-1 By: King of Parker, et al. H.B. No. 2483
 1-2 (Senate Sponsor - Hancock)
 1-3 (In the Senate - Received from the House April 21, 2021;
 1-4 May 6, 2021, read first time and referred to Committee on Business
 1-5 & Commerce; May 20, 2021, reported favorably by the following vote:
 1-6 Yeas 9, Nays 0; May 20, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 A BILL TO BE ENTITLED
 1-19 AN ACT

1-20 relating to utility facilities for restoring electric service after
 1-21 a widespread power outage.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Subchapter 2, Chapter 39, Utilities Code, is
 1-24 amended by adding Section 39.918 to read as follows:

1-25 Sec. 39.918. UTILITY FACILITIES FOR POWER RESTORATION AFTER
 1-26 WIDESPREAD POWER OUTAGE. (a) In this section, "widespread power
 1-27 outage" means an event that results in:

1-28 (1) a loss of electric power that:

1-29 (A) affects a significant number of distribution
 1-30 customers of a transmission and distribution utility; and

1-31 (B) has lasted or is expected to last for at least
 1-32 eight hours; and

1-33 (2) a risk to public safety.

1-34 (b) Notwithstanding any other provision of this subtitle, a
 1-35 transmission and distribution utility may:

1-36 (1) lease and operate facilities that provide
 1-37 temporary emergency electric energy to aid in restoring power to
 1-38 the utility's distribution customers during a widespread power
 1-39 outage in which:

1-40 (A) the independent system operator has ordered
 1-41 the utility to shed load; or

1-42 (B) the utility's distribution facilities are
 1-43 not being fully served by the bulk power system under normal
 1-44 operations; and

1-45 (2) procure, own, and operate, or enter into a
 1-46 cooperative agreement with other transmission and distribution
 1-47 utilities to procure, own, and operate jointly, transmission and
 1-48 distribution facilities that have a lead time of at least six months
 1-49 and would aid in restoring power to the utility's distribution
 1-50 customers following a widespread power outage. In this section,
 1-51 long lead time facilities may not be electric energy storage
 1-52 equipment or facilities under Chapter 35, Utilities Code.

1-53 (c) A transmission and distribution utility that leases and
 1-54 operates facilities under Subsection (b)(1) may not sell electric
 1-55 energy or ancillary services from those facilities.

1-56 (d) Facilities described by Subsection (b)(1):

1-57 (1) must be operated in isolation from the bulk power
 1-58 system; and

1-59 (2) may not be included in independent system
 1-60 operator:

1-61 (A) locational marginal pricing calculations;

2-1 (B) pricing; or
 2-2 (C) reliability models.

2-3 (e) A transmission and distribution utility that leases and
 2-4 operates facilities under Subsection (b)(1) shall ensure, to the
 2-5 extent reasonably practicable, that retail customer usage during
 2-6 operation of those facilities is adjusted out of the usage reported
 2-7 for billing purposes by the retail customer's retail electric
 2-8 provider.

2-9 (f) A transmission and distribution utility shall, when
 2-10 reasonably practicable, use a competitive bidding process to lease
 2-11 facilities under Subsection (b)(1).

2-12 (g) A transmission and distribution utility that leases and
 2-13 operates facilities under Subsection (b)(1) or that procures, owns,
 2-14 and operates facilities under Subsection (b)(2) shall include in
 2-15 the utility's emergency operations plan filed with the commission,
 2-16 as described by Section 186.007, a detailed plan on the utility's
 2-17 use of those facilities.

2-18 (h) The commission shall permit:

2-19 (1) a transmission and distribution utility that
 2-20 leases and operates facilities under Subsection (b)(1) to recover
 2-21 the reasonable and necessary costs of leasing and operating the
 2-22 facilities, including the present value of future payments required
 2-23 under the lease, using the rate of return on investment established
 2-24 in the commission's final order in the utility's most recent base
 2-25 rate proceeding; and

2-26 (2) a transmission and distribution utility that
 2-27 procures, owns, and operates facilities under Subsection (b)(2) to
 2-28 recover the reasonable and necessary costs of procuring, owning,
 2-29 and operating the facilities, using the rate of return on
 2-30 investment established in the commission's final order in the
 2-31 utility's most recent base rate proceeding.

2-32 (i) The commission shall authorize a transmission and
 2-33 distribution utility to defer for recovery in a future ratemaking
 2-34 proceeding the incremental operations and maintenance expenses and
 2-35 the return, not otherwise recovered in a rate proceeding,
 2-36 associated with the leasing or procurement, ownership, and
 2-37 operation of the facilities.

2-38 (j) A transmission and distribution utility may request
 2-39 recovery of the reasonable and necessary costs of leasing or
 2-40 procuring, owning, and operating facilities under this section,
 2-41 including any deferred expenses, through a proceeding under Section
 2-42 36.210 or in another ratemaking proceeding. A lease under
 2-43 Subsection (b)(1) must be treated as a capital lease or finance
 2-44 lease for ratemaking purposes.

2-45 (k) This section expires September 1, 2029.

2-46 SECTION 2. Not later than January 1, 2029, the Public
 2-47 Utility Commission of Texas shall:

2-48 (1) analyze the effects of authorizing transmission
 2-49 and distribution utilities to lease, operate, procure, or own the
 2-50 facilities described by Section 39.918(b), Utilities Code, as added
 2-51 by this Act; and

2-52 (2) submit a report to the legislature that includes
 2-53 the analysis produced under Subdivision (1) of this section and a
 2-54 recommendation of whether the legislature should allow Section
 2-55 39.918, Utilities Code, as added by this Act, to expire.

2-56 SECTION 3. This Act takes effect September 1, 2021.

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