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S.B. No. 2112

A BILL TO BE ENTITLED

AN ACT

relating to resources used to ensure the continuous provision of power.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter C, Chapter 382, Health and Safety Code, is amended by adding Section 382.069 to read as follows:

Sec. 382.069. TEXAS BACKUP POWER PACKAGE. (a) In this section, "Texas backup power package" has the meaning assigned by Section 418.401, Government Code.

(b) The commission by rule shall adopt a process to expedite the permitting of a Texas backup power package for which a permit is required under this chapter.

SECTION 2. Chapter 418, Government Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. TEXAS POWER PROMISE

Sec. 418.401. DEFINITION. In this subchapter, "Texas backup power package" means a stand-alone, behind-the-meter, multiday backup power source that can be used for islanding.

Sec. 418.402. PURPOSE. The purpose of this subchapter is to facilitate and provide funding for:

(1) the design, procurement, installation, and use of Texas backup power packages for facilities on which communities rely for health, safety, and well-being; and

(2) the procurement and use of mobile sources of

1 backup power to ensure the health, safety, and well-being of
2 communities.

3 Sec. 418.403. DIVISION DUTIES. (a) The division shall
4 convene an advisory committee in the manner provided by Chapter
5 2110, Government Code.

6 (b) The advisory committee shall recommend criteria for the
7 division to employ in making a grant or loan under this subchapter.

8 (c) The division shall contract with a research entity that
9 has experience in microgrid design to analyze critical facility
10 characteristics and requirements in this state and develop for
11 Texas backup power packages:

12 (1) sets of specifications for standard backup power
13 packages of various sizes that can serve most critical facilities
14 in this state; and

15 (2) specifications for standard interconnection,
16 communications, and controls for Texas backup power packages.

17 Sec. 418.404. TEXAS BACKUP POWER PACKAGES. (a) A grant or
18 loan made under this subchapter may be provided only for the
19 operation of a Texas backup power package that:

20 (1) is engineered to minimize operation costs;

21 (2) uses interconnection technology and controls that
22 enable immediate islanding from the power grid and stand-alone
23 operation for the host facility;

24 (3) is capable of operating for at least 48 continuous
25 hours without refueling or connecting to a separate power source;

26 (4) is designed so that one or more Texas backup power
27 packages can be aggregated on-site to serve not more than 2.5

1 megawatts of load at the host facility;

2 (5) provides power sourced from:

3 (A) a combination of natural gas or propane with
4 photovoltaic panels and battery storage; or

5 (B) battery storage on an electric school bus;
6 and

7 (6) is not used by the owner or host facility for the
8 sale of energy or ancillary services.

9 (b) Texas backup power packages may be aggregated and
10 operated to support the power grid under emergency conditions if
11 the operation does not compromise a Texas backup power package's
12 capability to provide power to its host facility for at least 24
13 hours of operation without refueling or connecting to a separate
14 power source.

15 Sec. 418.405. GRANTS AND LOANS. (a) The division may
16 provide grants and loans under this subchapter.

17 (b) The division by rule may establish procedures for the
18 application for and award of a grant or loan under this subchapter.

19 (c) The amount of a grant provided under this subchapter may
20 not exceed \$500 per kilowatt of capacity.

21 (d) The division may provide a loan under this subchapter
22 for procurement and operating costs.

23 (e) The division shall maintain and publish a list of
24 approved vendors eligible to assist with the sale, installation,
25 operation, and ongoing maintenance of Texas backup power packages.

26 (f) The division may not provide a grant or loan under this
27 subchapter for:

1 (1) a commercial energy system, a private school, or a
2 for-profit entity that does not directly serve public safety and
3 human health; or

4 (2) a source of backup power that does not follow the
5 design and use standards of a Texas backup power package.

6 Sec. 418.406. MOBILE BACKUP POWER FLEET. The division may
7 procure and deploy mobile sources of backup power to ensure the
8 health, safety, and well-being of communities.

9 SECTION 3. Section 38.076, Utilities Code, is amended by
10 adding Subsection (c-1) to read as follows:

11 (c-1) The commission shall require transmission and
12 distribution utilities to use good faith efforts to ensure that no
13 distribution feeder is subject to load shedding for more than four
14 consecutive hours in a six-hour period.

15 SECTION 4. Subchapter D, Chapter 38, Utilities Code, is
16 amended by adding Section 38.078 to read as follows:

17 Sec. 38.078. CIRCUIT SEGMENTATION STUDY AND COST RECOVERY.

18 (a) Not later than September 15, 2023, the commission shall direct
19 each transmission and distribution utility to perform a circuit
20 segmentation study.

21 (b) A circuit segmentation study must:

22 (1) use an engineering analysis to examine whether and
23 how the transmission and distribution utility's transmission and
24 distribution systems can be segmented and sectionalized to manage
25 and rotate outages more evenly across all customers and circuits,
26 while maintaining the protections offered to critical facilities;

27 (2) include an engineering analysis of the feasibility

1 of using sectionalization, automated reclosers, and other
2 technology to break up the circuits that host significant numbers
3 of critical facilities into smaller segments for outage management
4 purposes to enable more granular and flexible outage management;

5 (3) identify feeders with critical facilities that, if
6 equipped with facility-specific backup power systems and
7 segmentation, can enhance the utility's outage management
8 flexibility; and

9 (4) include an estimate of the time, capital cost, and
10 expected improvements to load-shed management associated with the
11 circuit segmentation study.

12 (c) Each transmission and distribution utility shall submit
13 a report of the conclusions of the utility's study to the commission
14 not later than September 1, 2024.

15 (d) The commission shall review each circuit segmentation
16 study not later than March 15, 2025.

17 (e) If the commission determines that the implementation of
18 circuit segmentation engineering and investments as provided by a
19 transmission and distribution utility's circuit segmentation study
20 report would facilitate better outage management in the ERCOT power
21 region, investments made by the utility for such purposes shall be
22 presumed just, reasonable, and appropriate for rate-based cost
23 recovery.

24 SECTION 5. Subchapter **2**, Chapter **39**, Utilities Code, is
25 amended by adding Section 39.919 to read as follows:

26 Sec. 39.919. TEXAS BACKUP POWER PACKAGES. (a) In this
27 section, "Texas backup power package" has the meaning assigned by

1 Section 418.401, Government Code.

2 (b) The commission by rule shall adopt procedures to
3 expedite electric cooperative, municipally owned utility, and
4 electric utility interconnection requests for Texas backup power
5 packages.

6 SECTION 6. This Act takes effect September 1, 2023.