

By: Johnson

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. DEFINITIONS. In this subchapter:

(1) "Fund" means the Texas power resiliency fund established by Section 49-q, Article III, Texas Constitution.

(2) "Texas backup power package" means a stand-alone, behind-the-meter, multiday backup power source that can be used for islanding.

(3) "Office" means the State Energy Conservation Office.

(4) "Trust company" means the Texas Treasury

1 Safekeeping Trust Company.

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

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

7 (2) the procurement and use of mobile sources of
8 backup power to ensure the health, safety, and well-being of
9 communities.

10 Sec. 418.403. DIVISION AUTHORITY. (a) The division shall
11 convene an advisory committee in the manner provided by Chapter
12 2110, Government Code. The advisory committee must include a
13 person to represent the office.

14 (b) The advisory committee shall recommend criteria for the
15 division and the office to employ in making a grant or loan under
16 this subchapter.

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

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

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

26 Sec. 418.404. TEXAS BACKUP POWER PACKAGES. (a) A grant or
27 loan made under this subchapter may be provided only for the

1 operation of a Texas backup power package that:

2 (1) is engineered to minimize operation costs;

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

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

8 (4) is designed so that one or more Texas backup power
9 packages can be aggregated on-site to serve not more than 2.5
10 megawatts of load at the host facility;

11 (5) provides power sourced from:

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

14 (B) battery storage on an electric school bus;

15 and

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

18 (b) Texas backup power packages may be aggregated and
19 operated to support the power grid under emergency conditions if
20 the operation does not compromise a Texas backup power package's
21 capability to provide power to its host facility for at least 24
22 hours of operation without refueling or connecting to a separate
23 power source.

24 Sec. 418.405. GRANTS AND LOANS. (a) The division and the
25 office shall collaborate to provide grants and loans under this
26 subchapter.

27 (b) The office is responsible for awarding grants and loans

1 and entering into agreements under this subchapter. The office by
2 rule may establish procedures for:

3 (1) the application for and award of a grant or loan
4 under this subchapter; and

5 (2) the administration of the fund.

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

8 (d) The office may provide a loan under this subchapter for
9 procurement and operating costs.

10 (e) The office shall maintain and publish a list of approved
11 vendors eligible to assist with the sale, installation, operation,
12 and ongoing maintenance of Texas backup power packages.

13 (f) The office may not provide a grant or loan under this
14 subchapter for:

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

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

20 (g) A grant or loan awarded by this office under this
21 subchapter is not subject to a restriction on repayment imposed by
22 Chapter 447 or 2305 on other grants or loans awarded by the office.

23 Sec. 418.406. MOBILE BACKUP POWER FLEET. The division may
24 use money from the fund to procure and deploy mobile sources of
25 backup power to ensure the health, safety, and well-being of
26 communities.

27 Sec. 418.407. FUND. (a) The Texas power resiliency fund is

1 a special fund in the state treasury outside the general revenue
2 fund to be administered and used, without further appropriation,
3 by:

4 (1) the office for the purposes described by Section
5 418.405; and

6 (2) the division for the purposes described by Section
7 418.406.

8 (b) The fund and the fund's accounts are kept and held by the
9 trust company for and in the name of the office. The office has
10 legal title to money and investments in the fund until money is
11 disbursed from the fund as provided by this subchapter and office
12 rules.

13 (c) Money deposited to the credit of the fund may be used
14 only as provided by this subchapter.

15 (d) The fund consists of:

16 (1) money transferred or deposited to the credit of
17 the fund by or as authorized by law, including money from any source
18 transferred or deposited to the credit of the fund at the office's
19 discretion;

20 (2) revenue, including the proceeds of any fee,
21 assessment, or tax imposed by this state, that general law
22 dedicates for deposit to the credit of the fund; and

23 (3) investment earnings and interest earned on money
24 in the fund.

25 Sec. 418.408. MANAGEMENT AND INVESTMENT OF FUND. (a) The
26 trust company shall hold and invest the fund, and any accounts
27 established in the fund, for and in the name of the office, taking

1 into account the purposes for which money in the fund may be used.

2 The fund may be invested with the state treasury pool.

3 (b) The overall objective for the investment of the fund is
4 to maintain sufficient liquidity to meet the needs of the fund while
5 striving to preserve the purchasing power of the fund.

6 (c) The trust company has any power necessary to accomplish
7 the purposes of managing and investing the assets of the fund. In
8 managing the assets of the fund, through procedures and subject to
9 restrictions the trust company considers appropriate, the trust
10 company may acquire, exchange, sell, supervise, manage, or retain
11 any kind of investment that a prudent investor, exercising
12 reasonable care, skill, and caution, would acquire or retain in
13 light of the purposes, terms, distribution requirements, and other
14 circumstances of the fund then prevailing, taking into
15 consideration the investment of all the assets of the fund rather
16 than a single investment.

17 (d) The trust company may charge fees to cover its costs
18 incurred in managing and investing the fund. The fees must be
19 consistent with the fees the trust company charges other state and
20 local governmental entities for which it provides investment
21 management services. The trust company may recover fees it charges
22 under this subsection only from the earnings of the fund.

23 (e) The trust company annually shall provide a written
24 report to the office with respect to the investment of the fund.
25 The trust company shall contract with a certified public accountant
26 to conduct an independent audit of the fund annually and shall
27 present the results of each annual audit to the office. This

1 subsection does not affect the state auditor's authority to conduct
2 an audit of the fund under Chapter 321.

3 (f) The trust company shall adopt a written investment
4 policy that is appropriate for the fund. The trust company shall
5 present the investment policy to the investment advisory board
6 established under Section 404.028. The investment advisory board
7 shall submit to the trust company recommendations regarding the
8 policy.

9 (g) The office annually shall provide to the trust company a
10 forecast of the cash flows into and out of the fund. The office
11 shall provide updates to the forecasts as appropriate to ensure
12 that the trust company is able to achieve the objective specified by
13 Subsection (b).

14 (h) The trust company shall disburse money from the fund as
15 directed by the office.

16 (i) An investment-related contract entered into under this
17 section is not subject to Chapter 2260.

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

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

24 SECTION 4. 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 5. This Act takes effect on the date on which the
7 constitutional amendment proposed by the 88th Legislature, Regular
8 Session, 2023, providing for the creation of the Texas power
9 resiliency fund to finance backup power sources takes effect. If
10 that amendment is not approved by the voters, this Act has no
11 effect.