

1-1 By: Johnson S.B. No. 2112
 1-2 (In the Senate - Filed March 9, 2023; March 21, 2023, read
 1-3 first time and referred to Committee on Business & Commerce;
 1-4 April 18, 2023, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 10, Nays 0; April 18, 2023,
 1-6 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	X			
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 2112 By: Johnson

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to resources used to ensure the continuous provision of
 1-24 power.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-26 SECTION 1. Subchapter C, Chapter 382, Health and Safety
 1-27 Code, is amended by adding Section 382.069 to read as follows:
 1-28 Sec. 382.069. TEXAS BACKUP POWER PACKAGE. (a) In this
 1-29 section, "Texas backup power package" has the meaning assigned by
 1-30 Section 418.401, Government Code.

1-31 (b) The commission by rule shall adopt a process to expedite
 1-32 the permitting of a Texas backup power package for which a permit is
 1-33 required under this chapter.

1-34 SECTION 2. Chapter 418, Government Code, is amended by
 1-35 adding Subchapter K to read as follows:

1-36 SUBCHAPTER K. TEXAS POWER PROMISE
 1-37 Sec. 418.401. DEFINITIONS. In this subchapter:

1-38 (1) "Fund" means the Texas power resiliency fund
 1-39 established by Section 49-g, Article III, Texas Constitution.

1-40 (2) "Texas backup power package" means a stand-alone,
 1-41 behind-the-meter, multiday backup power source that can be used for
 1-42 islanding.

1-43 (3) "Trust company" means the Texas Treasury
 1-44 Safekeeping Trust Company.

1-45 Sec. 418.402. PURPOSE. The purpose of this subchapter is to
 1-46 facilitate and provide funding for:

1-47 (1) the design, procurement, installation, and use of
 1-48 Texas backup power packages for facilities on which communities
 1-49 rely for health, safety, and well-being; and

1-50 (2) the procurement and use of mobile sources of
 1-51 backup power to ensure the health, safety, and well-being of
 1-52 communities.

1-53 Sec. 418.403. DIVISION DUTIES. (a) The division shall
 1-54 convene an advisory committee in the manner provided by Chapter
 1-55 2110, Government Code.

1-56 (b) The advisory committee shall recommend criteria for the
 1-57 division to employ in making a grant or loan under this subchapter.

1-58 (c) The division shall contract with a research entity that
 1-59 has experience in microgrid design to analyze critical facility
 1-60 characteristics and requirements in this state and develop for

2-1 Texas backup power packages:
 2-2 (1) sets of specifications for standard backup power
 2-3 packages of various sizes that can serve most critical facilities
 2-4 in this state; and
 2-5 (2) specifications for standard interconnection,
 2-6 communications, and controls for Texas backup power packages.
 2-7 Sec. 418.404. TEXAS BACKUP POWER PACKAGES. (a) A grant or
 2-8 loan made under this subchapter may be provided only for the
 2-9 operation of a Texas backup power package that:
 2-10 (1) is engineered to minimize operation costs;
 2-11 (2) uses interconnection technology and controls that
 2-12 enable immediate islanding from the power grid and stand-alone
 2-13 operation for the host facility;
 2-14 (3) is capable of operating for at least 48 continuous
 2-15 hours without refueling or connecting to a separate power source;
 2-16 (4) is designed so that one or more Texas backup power
 2-17 packages can be aggregated on-site to serve not more than 2.5
 2-18 megawatts of load at the host facility;
 2-19 (5) provides power sourced from:
 2-20 (A) a combination of natural gas or propane with
 2-21 photovoltaic panels and battery storage; or
 2-22 (B) battery storage on an electric school bus;
 2-23 and
 2-24 (6) is not used by the owner or host facility for the
 2-25 sale of energy or ancillary services.
 2-26 (b) Texas backup power packages may be aggregated and
 2-27 operated to support the power grid under emergency conditions if
 2-28 the operation does not compromise a Texas backup power package's
 2-29 capability to provide power to its host facility for at least 24
 2-30 hours of operation without refueling or connecting to a separate
 2-31 power source.
 2-32 Sec. 418.405. GRANTS AND LOANS. (a) The division may
 2-33 provide grants and loans under this subchapter.
 2-34 (b) The division by rule may establish procedures for:
 2-35 (1) the application for and award of a grant or loan
 2-36 under this subchapter; and
 2-37 (2) the administration of the fund.
 2-38 (c) The amount of a grant provided under this subchapter may
 2-39 not exceed \$500 per kilowatt of capacity.
 2-40 (d) The division may provide a loan under this subchapter
 2-41 for procurement and operating costs.
 2-42 (e) The division shall maintain and publish a list of
 2-43 approved vendors eligible to assist with the sale, installation,
 2-44 operation, and ongoing maintenance of Texas backup power packages.
 2-45 (f) The division may not provide a grant or loan under this
 2-46 subchapter for:
 2-47 (1) a commercial energy system, a private school, or a
 2-48 for-profit entity that does not directly serve public safety and
 2-49 human health; or
 2-50 (2) a source of backup power that does not follow the
 2-51 design and use standards of a Texas backup power package.
 2-52 Sec. 418.406. MOBILE BACKUP POWER FLEET. The division may
 2-53 use money from the fund to procure and deploy mobile sources of
 2-54 backup power to ensure the health, safety, and well-being of
 2-55 communities.
 2-56 Sec. 418.407. FUND. (a) The Texas power resiliency fund is
 2-57 a special fund in the state treasury outside the general revenue
 2-58 fund to be administered and used, without further appropriation, by
 2-59 the division.
 2-60 (b) The fund and the fund's accounts are kept and held by the
 2-61 trust company for and in the name of the division.
 2-62 (c) Money deposited to the credit of the fund may be used
 2-63 only as provided by this subchapter.
 2-64 (d) The fund consists of:
 2-65 (1) money credited, appropriated, or transferred to
 2-66 the fund by the legislature;
 2-67 (2) revenue that the legislature dedicates for deposit
 2-68 to the credit of the fund;
 2-69 (3) the returns received from the investment of money

3-1 in the fund; and

3-2 (4) gifts, grants, and donations contributed to the
3-3 fund.

3-4 Sec. 418.408. MANAGEMENT AND INVESTMENT OF FUND. (a) The
3-5 trust company shall hold and invest the fund, taking into account
3-6 the purposes for which money in the fund may be used. The fund may
3-7 be invested with the state treasury pool or pooled with other state
3-8 assets for purposes of investment.

3-9 (b) The overall objective for the investment of the fund is
3-10 to maintain sufficient liquidity to meet the needs of the fund while
3-11 striving to preserve the purchasing power of the fund over a full
3-12 economic cycle.

3-13 (c) In managing the assets of the fund, the trust company
3-14 may acquire, exchange, sell, supervise, manage, or retain any kind
3-15 of investment that a prudent investor, exercising reasonable care,
3-16 skill, and caution, would acquire or retain in light of the
3-17 purposes, terms, distribution requirements, and other
3-18 circumstances of the fund then prevailing, taking into
3-19 consideration the investment of all the assets of the fund rather
3-20 than a single investment.

3-21 (d) The reasonable expenses of managing the fund shall be
3-22 paid from the fund.

3-23 (e) The trust company annually shall provide a written
3-24 report to the division with respect to the investment of the fund.

3-25 (f) The trust company shall adopt a written investment
3-26 policy that is appropriate for the fund. The trust company shall
3-27 present the investment policy to the investment advisory board
3-28 established under Section 404.028. The investment advisory board
3-29 shall submit to the trust company recommendations regarding the
3-30 policy.

3-31 (g) The division annually shall provide to the trust company
3-32 a forecast of the cash flows into and out of the fund. The division
3-33 shall provide updates to the forecasts as appropriate to ensure
3-34 that the trust company is able to achieve the objective specified by
3-35 Subsection (b).

3-36 (h) The trust company shall disburse money from the fund as
3-37 directed by the division.

3-38 SECTION 3. Section 38.076, Utilities Code, is amended by
3-39 adding Subsection (c-1) to read as follows:

3-40 (c-1) The commission shall require transmission and
3-41 distribution utilities to use good faith efforts to ensure that no
3-42 distribution feeder is subject to load shedding for more than four
3-43 consecutive hours in a six-hour period.

3-44 SECTION 4. Subchapter D, Chapter 38, Utilities Code, is
3-45 amended by adding Section 38.078 to read as follows:

3-46 Sec. 38.078. CIRCUIT SEGMENTATION STUDY AND COST RECOVERY.
3-47 (a) Not later than September 15, 2023, the commission shall direct
3-48 each transmission and distribution utility to perform a circuit
3-49 segmentation study.

3-50 (b) A circuit segmentation study must:

3-51 (1) use an engineering analysis to examine whether and
3-52 how the transmission and distribution utility's transmission and
3-53 distribution systems can be segmented and sectionalized to manage
3-54 and rotate outages more evenly across all customers and circuits,
3-55 while maintaining the protections offered to critical facilities;

3-56 (2) include an engineering analysis of the feasibility
3-57 of using sectionalization, automated reclosers, and other
3-58 technology to break up the circuits that host significant numbers
3-59 of critical facilities into smaller segments for outage management
3-60 purposes to enable more granular and flexible outage management;

3-61 (3) identify feeders with extensive numbers of
3-62 critical facilities that, if equipped with facility-specific
3-63 backup power systems and segmentation, can enhance the utility's
3-64 outage management flexibility; and

3-65 (4) include an estimate of the time, capital cost, and
3-66 expected improvements to load-shed management associated with the
3-67 circuit segmentation study.

3-68 (c) Each transmission and distribution utility shall submit
3-69 a report of the conclusions of the utility's study to the commission

4-1 not later than September 1, 2024.

4-2 (d) The commission shall review each circuit segmentation
4-3 study not later than March 15, 2025.

4-4 (e) If the commission determines that the implementation of
4-5 circuit segmentation engineering and investments as provided by a
4-6 transmission and distribution utility's circuit segmentation study
4-7 report would facilitate better outage management in the ERCOT power
4-8 region, investments made by the utility for such purposes shall be
4-9 presumed just, reasonable, and appropriate for rate-based cost
4-10 recovery.

4-11 SECTION 5. Subchapter 2, Chapter 39, Utilities Code, is
4-12 amended by adding Section 39.919 to read as follows:

4-13 Sec. 39.919. TEXAS BACKUP POWER PACKAGES. (a) In this
4-14 section, "Texas backup power package" has the meaning assigned by
4-15 Section 418.401, Government Code.

4-16 (b) The commission by rule shall adopt procedures to
4-17 expedite electric cooperative, municipally owned utility, and
4-18 electric utility interconnection requests for Texas backup power
4-19 packages.

4-20 SECTION 6. This Act takes effect on the date on which the
4-21 constitutional amendment proposed by the 88th Legislature, Regular
4-22 Session, 2023, providing for the creation of the Texas power
4-23 resiliency fund to finance backup power sources takes effect. If
4-24 that amendment is not approved by the voters, this Act has no
4-25 effect.

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