

By: Guillen

H.B. No. 4581

Substitute the following for H.B. No. 4581:

By: King

C.S.H.B. No. 4581

A BILL TO BE ENTITLED

AN ACT

relating to temporary emergency energy facilities.

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

SECTION 1. Section 39.918, Utilities Code, is amended by amending Subsections (d) and (f) and adding Subsections (f-1), (f-2), (f-3), (f-4), (k), (l), (m), and (n) to read as follows:

(d) A facility ~~[Facilities]~~ described by Subsection (b)(1):

(1) must be operated in isolation from the bulk power system; ~~and~~

(2) may not be included in independent system operator:

(A) locational marginal pricing calculations;

(B) pricing; or

(C) reliability models; and

(3) must be:

(A) mobile; and

(B) capable of generating electric energy within three hours after being connected to a demand source.

(f) A transmission and distribution utility shall ~~[when reasonably practicable]~~ use a competitive bidding process to lease facilities under Subsection (b)(1).

(f-1) A transmission and distribution utility may not enter into a lease under Subsection (b)(1) unless:

(1) the commission first, in a rate proceeding or a

separate contested case hearing, authorizes:

(A) the total generating capacity the utility may lease; and

(B) the functions for which the utility may lease facilities and the generation capacity the utility may lease for each function; or

(2) the lease includes a provision that allows alteration of the lease based on commission order or rule.

(f-2) The commission may limit the period during which an authorization issued under Subsection (f-1) is valid.

(f-3) Notwithstanding Subsections (f) and (f-1)(1), a transmission and distribution utility may enter into a lease under Subsection (b)(1) without competitive bidding or prior commission approval if:

(1) the transmission and distribution utility lacks the leased generating capacity necessary to aid in restoring power to the utility's customers during a significant power outage;

(2) the amount of leased generating capacity does not significantly exceed the amount of megawatts necessary to restore electric service to the utility's customers during a significant power outage; and

(3) the term of the lease does not significantly exceed the time period that is required to restore electric service to the utility's customers during a significant power outage.

(f-4) A transmission and distribution utility that enters into a lease in the manner provided by Subsection (f-3) shall provide documentation to justify the amount of leased generating

1 capacity during the first base rate proceeding after the date the  
2 lease begins.

3 (k) The Texas Division of Emergency Management, in  
4 coordination with the commission and transmission and distribution  
5 utilities, shall develop an annex to the state emergency management  
6 plan prepared under Section 418.042, Government Code, that  
7 addresses planning for deploying facilities leased under  
8 Subsection (b). The annex must include procedures for transmission  
9 and distribution utilities to maintain a current list of facilities  
10 leased under Subsection (b), information submitted to the  
11 commission under Subsection (n), and facilities available to be  
12 deployed through mutual aid agreements.

13 (l) The list maintained under Subsection (k) must be  
14 accessible, on request, to each transmission and distribution  
15 utility, the commission, the Texas Division of Emergency  
16 Management, and each state agency with emergency response duties.  
17 Each transmission and distribution utility that leases a facility  
18 described by Subsection (b) shall notify the commission not later  
19 than the 30th day after the date of a change in the utility's lease  
20 of the facility.

21 (m) The commission by rule shall require a transmission and  
22 distribution utility that leases a facility described by Subsection  
23 (b) to offer to enter into mutual aid agreements with other  
24 transmission and distribution utilities to facilitate the  
25 deployment of undeployed facilities on the request of another  
26 transmission and distribution utility.

27 (n) The commission by rule shall require a transmission and

1 distribution utility that enters into a mutual aid agreement  
2 described by Subsection (m) to:

3 (1) provide to the commission information regarding  
4 the agreement not later than the 30th day after the date the utility  
5 enters into the agreement; and

6 (2) not later than the 30th day after the date of any  
7 change in the required information, provide updated information to  
8 the commission.

9 SECTION 2. The changes in law made by this Act to Section  
10 39.918(d), Utilities Code, apply only to a temporary emergency  
11 electric energy facility leased by a transmission and distribution  
12 utility on or after the effective date of this Act. A temporary  
13 emergency electric energy facility that was leased by a  
14 transmission and distribution utility under Section 39.918(b)(1),  
15 Utilities Code, before the effective date of this Act is governed by  
16 the law in effect at the time the lease was executed, and the former  
17 law is continued in effect for that purpose.

18 SECTION 3. The Public Utility Commission of Texas shall  
19 require a transmission and distribution utility to which Section  
20 39.918(m), Utilities Code, as added by this Act, applies to make  
21 offers for mutual aid agreements before June 1, 2026.

22 SECTION 4. This Act takes effect immediately if it receives  
23 a vote of two-thirds of all the members elected to each house, as  
24 provided by Section 39, Article III, Texas Constitution. If this  
25 Act does not receive the vote necessary for immediate effect, this  
26 Act takes effect September 1, 2025.