

By: Guillen

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), (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;

(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 approves the lease in a rate

1 proceeding or a separate contested case hearing; or

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

4 (f-2) Notwithstanding Subsections (f) and (f-1)(1), a
5 transmission and distribution utility may enter into a lease under
6 Subsection (b)(1) without competitive bidding or prior commission
7 approval if:

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

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

15 (f-3) A transmission and distribution utility that enters
16 into a lease in the manner provided by Subsection (f-2) shall
17 provide documentation to justify the amount of leased generating
18 capacity during the first base rate proceeding after the date the
19 lease begins.

20 (k) The Texas Division of Emergency Management, in
21 coordination with the commission, shall develop an annex to the
22 state emergency management plan prepared under Section 418.042,
23 Government Code, that addresses planning for deploying facilities
24 leased, operated, procured, or owned under Subsection (b). The
25 annex must include procedures for transmission and distribution
26 utilities to maintain a current list of facilities leased,
27 operated, procured, or owned under Subsection (b), agreements

1 submitted to the division under Subsection (m), and facilities
2 available to be deployed through mutual aid agreements.

3 (l) The list maintained under Subsection (k) must be
4 accessible to each transmission and distribution utility, the
5 commission, the Texas Division of Emergency Management, and each
6 state agency with emergency response duties. Each transmission and
7 distribution utility that leases, operates, procures, or owns a
8 facility described by Subsection (b) shall notify the commission
9 not later than the 30th day after the date of a change in the
10 utility's lease or ownership of the facility.

11 (m) The commission by rule shall require a transmission and
12 distribution utility that leases, operates, procures, or owns a
13 facility described by Subsection (b) to offer to enter into mutual
14 aid agreements with other transmission and distribution utilities
15 to facilitate the deployment of undeployed facilities on the
16 request of another transmission and distribution utility. Each
17 transmission and distribution utility shall submit any agreement
18 entered into under this subsection to the commission and report to
19 the commission not later than the 30th day after the date of any
20 change in the submitted agreement.

21 (n) The commission shall:

22 (1) consider any failure to deploy a facility
23 described by Subsection (b) that is leased, operated, procured, or
24 owned by a transmission and distribution utility, including a
25 failure to deploy a facility under the terms of a mutual aid
26 agreement, in the next base rate proceeding of the transmission and
27 distribution utility; and

1 (2) if the failure to deploy described by Subdivision
2 (1) was not reasonable, revise the utility's rate of return on
3 investment with a presumption that the investment in the facility
4 was not reasonable.

5 SECTION 2. The Public Utility Commission of Texas shall
6 require a transmission and distribution utility to which Section
7 39.918(m), Utilities Code, as added by this Act, applies to make
8 offers for mutual aid agreements before the 2026 hurricane season.

9 SECTION 3. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2025.