

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 27, 2017**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **SB83** by Hall (Relating to protection of energy critical infrastructure from electromagnetic, geomagnetic, physical, and cyber-attack threats.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated. However, should the Texas Division of Emergency Management opt to use the implied authority provided by the bill to implement any portion of the Threat Protection and Recovery Plan, there presumably could be an undetermined and potentially significant cost to the state.

The bill would amend the Government Code to establish the Electromagnetic Threat Preparedness Task Force to coordinate with the Public Safety Commission on the development of a comprehensive threat protection and recovery plan. The Task Force would be required to submit a report of its findings to the Governor and the Legislature by July 1, 2018, and TDEM would be required to consider implementing the plan for energy critical infrastructure and vital utility facilities in Texas.

It is assumed that the travel and organizational costs associated with the deliberative activities of the Task Force can be absorbed within existing resources. However, it is unknown how much it would cost TDEM to implement the comprehensive threat protection and recovery plan because the task force's recommendations are unknown, should TDEM upon consideration opt to implement the plan.

The bill would amend the Utilities Code to create the Electric Grid Security Advisory Committee to review the findings of the Electromagnetic Threat Preparedness Task Force, and would require the Committee to submit a report on its findings to the Governor, Lieutenant Governor, and Speaker not later than September 1, 2018. It is assumed that the travel and organizational costs associated with the deliberative activities of the Committee can be absorbed within existing resources.

The bill would require transmission and distribution utilities, power generation facilities, and electric cooperatives, as well as river authorities and municipally owned utilities operating in ERCOT, to assess and report to TDEM on their respective systems' vulnerabilities to electromagnetic (and other) threats by December 31, 2018.

The bill would authorize the legislature to appropriate General Revenue, employ a rate payer cost recovery system, or use a combination of these methods to address vulnerabilities of the security of the electrical grid.

The bill would take effect immediately upon a two-thirds vote of all members of both chambers; otherwise, the bill would take effect September 1, 2017.

### **Local Government Impact**

The bill would require transmission and distribution utilities, power generation facilities, and electric cooperatives, as well as river authorities and municipally owned utilities operating in ERCOT, to assess and report to TDEM on their respective systems' vulnerabilities to electromagnetic (and other) threats by December 31, 2018. It is assumed any costs associated with this reporting requirement can be absorbed within existing local resources.

**Source Agencies:** 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

**LBB Staff:** UP, CL, AI, JAW, BM