

## **BILL ANALYSIS**

C.S.H.B. 4120  
By: Deshotel  
State Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Winter Storm Uri, which struck Texas in February of this year and crippled the state's power grid for over a week, demonstrated that local communities needed additional tools to keep critical community facilities operational during a power outage. In addition to providing reliability and resiliency to school campuses, electric buses and on-site solar and energy storage facilities can supply energy back to the electric grid as a whole and electric school buses can operate as mobile battery storage back-up power solutions in a local community. Additionally, these technologies provide operational cost savings and potential new revenue streams for public schools, allowing more money to be spent on student learning instead.

However, public school districts interested in acquiring electric vehicles for their transportation fleet have limited options to assist with offsetting the higher initial capital cost of purchasing electric buses. Expanding the existing Texas clean school bus program will enable districts to have more options for offsetting costs of purchasing electric school buses and adopting them into their fleet. C.S.H.B. 4120 seeks to provide for the expansion of that program while also addressing market and regulatory barriers that exist to the use of certain school energy resources.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 4120 amends the Utilities Code to require a public school district or open-enrollment charter school that installs electric vehicle charging equipment to contract with an electric cooperative, an electric utility, a municipally owned utility, or a transmission and distribution utility to do the following:

- install make-ready infrastructure on the cooperative's or utility's side of the meter required to facilitate interconnection of the equipment, including a new service connection, transformer, conductor, connector, conduit, or meter; and
- provide any necessary construction on the cooperative's or utility's side of the meter to comply with local regulations related to the equipment.

The bill requires the cooperatives and utilities to use their best efforts to encourage and facilitate interconnection processes for school energy sources and to provide information about distribution system capacity and needs to a district or charter school, or a person acting on the district's or charter school's behalf, to facilitate interconnection of school energy sources. The bill defines "school energy source" as a source that is on-site distributed renewable generation,

energy storage, or an electric school bus and that is owned, leased, or used by a district or charter school.

C.S.H.B. 4120 requires each electric utility that provides electric service to a retail customer to offer to a district or charter school served by the utility time-of-use rates to promote efficient charging of electric school buses and energy use in school buildings. The bill requires each transmission and distribution utility in the ERCOT power region to offer a rate structure that allows any retail electric provider in its service area that serves a district or charter school to offer time-of-use rates to the district or school to promote such charging and energy use. The bill clarifies that these provisions do not require an electric utility to initiate a new ratemaking proceeding and that the utility must begin complying with these provisions beginning with the utility's first ratemaking proceeding that begins after the bill's effective date.

C.S.H.B. 4120 authorizes a district or charter school, or a person acting on the district's or charter school's behalf, to provide distribution system grid services using a school energy source or a combination of school energy sources and to receive appropriate compensation for those services. The bill requires the independent organization certified by the Public Utility Commission of Texas to perform certain essential market functions for the ERCOT power region to adopt rules or protocols to allow a district or charter school, or a person acting on the district's or charter school's behalf, to sell energy and ancillary services from school energy sources in the wholesale market without registering as a power generation company.

C.S.H.B. 4120 amends the Health and Safety Code to include the installation of charging infrastructure for electric school buses and the conversion of an eligible school bus among the projects eligible for consideration for a grant under the clean school bus program. The bill authorizes a private entity that leases school buses or provides school bus services or supporting infrastructure to a district by contract to apply for and receive a grant under the program. The bill provides that a grant recipient may use the grant to pay reasonable and necessary expenses incurred for the labor needed to install vehicle charging infrastructure.

C.S.H.B. 4120 requires the criteria for setting priorities for projects eligible to receive grants under the clean school bus program to prioritize projects that achieve the greatest reductions in diesel exhaust, especially particulate matter. The bill requires the Texas Commission on Environmental Quality to ensure that at least 75 percent of the money issued for grants under the program is issued for projects to purchase electric buses or to convert diesel buses into electric buses.

C.S.H.B. 4120 revises the requirements for a school bus to qualify for replacement under the clean school bus program to do the following:

- limit the requirement for the bus to be of model year 2006 or earlier only to buses that are proposed to be replaced with a combustion engine bus; and
- make eligible for replacement a school bus of a model year that is at least six years older than the year in which the grant application is submitted or have an odometer reading at least 150,000 miles and that will be replaced with an electric bus.

#### **EFFECTIVE DATE**

September 1, 2021.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 4120 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the requirements for a school bus to qualify for replacement with an electric bus under the clean school bus program from being of a model that is at least nine years older than the year in which the grant application is submitted or having an odometer reading at least 200,000 miles, as in the original, to being of a model at least six years older than that year or having an odometer reading at least 150,000 miles.

The substitute does not include the provision from the original requiring a regulatory authority to provide a mechanism for approving a tariff in accordance with requirements for time-of-use rates for public schools.

The original authorized a district or charter school to contract with an electric utility to install make-ready infrastructure required to facilitate interconnection of the electric vehicle charging equipment and provide any necessary construction to comply with local regulations related to the equipment. The substitute instead requires a district or charter school that installs electric vehicle charging equipment to contract with an electric cooperative, an electric utility, a municipally owned utility, or a transmission and distribution utility for those purposes.

The substitute requires the cooperatives or utilities to provide information about distribution system capacity and needs to a district or charter school, or a person acting on the district's or charter school's behalf, to facilitate interconnection of school energy sources, whereas the original required electric utilities to provide that information to market providers of on-site distributed renewable generation, energy storage, and electric school buses.

The substitute omits the original's provision exempting a district or charter school, or person acting on the district's or charter school's behalf, that provides distribution grid services using a school energy source or a combination of school energy sources from the need to register as a power generation company to do so. The substitute includes a specification not in the original that the distribution system grid services that may be provided include local capacity relief, voltage and VAR support, and local frequency control.