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By:  Deshotel H.B. No. 4120

A BILL TO BE ENTITLED

AN ACT

relating to the efficient use and generation of electricity by public schools.

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

SECTION 1.  Section 390.002(b), Health and Safety Code, is amended to read as follows:

(b)  Projects that may be considered for a grant under the program include:

(1)  diesel oxidation catalysts for school buses built before 1994;

(2)  diesel particulate filters for school buses built from 1994 to 1998;

(3)  the purchase and use of emission-reducing add-on equipment for school buses, including devices that reduce crankcase emissions;

(4)  the use of qualifying fuel;

(5)  other technologies that the commission finds will bring about significant emissions reductions; [~~and~~]

(6)  the replacement or conversion of a [~~pre-2007 model year~~] school bus eligible for replacement or conversion under Section 390.004; and

(7)  the installation of charging infrastructure for electric school buses.

SECTION 2.  Section 390.003, Health and Safety Code, is amended by adding Subsection (a-1) to read as follows:

(a-1)  A private entity that leases school buses to a school district or provides school bus services or supporting infrastructure to a school district by contract may apply for and receive a grant under the program.

SECTION 3.  Section 390.004, Health and Safety Code, is amended by amending Subsections (a), (c), and (d) and adding Subsections (a-1) and (a-2) to read as follows:

(a)  The commission by rule shall establish criteria for setting priorities for projects eligible to receive grants under this chapter. Except as provided by Subsection (a-1), the [~~The~~] commission shall review and may modify the criteria and priorities as appropriate.

(a-1)  The criteria must prioritize projects that achieve the greatest reductions in diesel exhaust, especially particulate matter.

(a-2)  The commission shall ensure that at least 75 percent of the money issued for grants under this chapter is issued for projects to purchase electric buses or to convert diesel buses into electric buses.

(c)  A school bus proposed for replacement must:

(1)  be of model year 2006 or earlier if the bus will be replaced with a combustion engine bus;

(1-a) be of a model year that is at least nine years older than the year in which the grant application is submitted or have an odometer reading at least 200,000 miles if the bus will be replaced with an electric bus;

(2)  have been owned and operated by the applicant for at least the two years before submission of the grant application;

(3)  be in good operational condition; and

(4)  be currently used on a regular, daily route to and from a school.

(d)  A school bus proposed for purchase to replace a [~~pre-2007 model year~~] school bus described by Subsection (c) must be of the current model year or the year before the current model year at the time of submission of the grant application.

SECTION 4.  Section 390.005(a), Health and Safety Code, is amended to read as follows:

(a)  A recipient of a grant under this chapter shall use the grant to pay the incremental costs of the project for which the grant is made, which may include the reasonable and necessary expenses incurred for the labor needed to install emissions-reducing equipment or vehicle charging infrastructure. The recipient may not use the grant to pay the recipient's administrative expenses.

SECTION 5.  Subchapter H, Chapter 36, Utilities Code, is amended by adding Section 36.3531 to read as follows:

Sec. 36.3531.  TIME-OF-USE RATES FOR PUBLIC SCHOOLS. (a) Notwithstanding any other provision of this title, each electric utility that provides electric service to a retail customer shall offer to a school district or open-enrollment charter school served by the electric utility time-of-use rates to promote efficient:

(1)  charging of electric school buses; and

(2)  energy use in school buildings.

(b)  Notwithstanding any other provision of this title, each transmission and distribution utility in the ERCOT power region shall offer to any retail electric provider in its service area that serves a school district or open-enrollment charter school a rate structure that allows the retail electric provider to offer time-of-use rates to the district or school to promote efficient:

(1)  charging of electric school buses; and

(2)  energy use for school buildings.

(c)  A regulatory authority shall provide a mechanism for approving a tariff in accordance with this section.

SECTION 6.  Chapter 35, Utilities Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. PUBLIC SCHOOLS

Sec. 35.201.  DEFINITIONS. (a) In this subchapter:

(1)  "Distributed renewable generation" has the meaning assigned by Section 39.916.

(2)  "Electric utility" includes a municipally owned utility and an electric cooperative.

(3)  "Interconnection" means the right of a person to physically connect an energy source and related equipment to an electricity distribution system and the technical requirements, rules, or processes required for the connection.

(4)  "School energy source" means a source that is:

(A)  on-site distributed renewable generation, energy storage, or an electric school bus; and

(B)  owned, leased, or used by a school district or open-enrollment charter school.

Sec. 35.202.  USE OF SCHOOL ENERGY SOURCES. (a) A school district or open-enrollment charter school may contract with an electric utility to:

(1)  install make-ready infrastructure on the utility's side of the meter required to facilitate interconnection of electric vehicle charging equipment, including a new service connection, transformer, conductor, connector, conduit, or meter; and

(2)  provide any necessary construction to comply with local regulations related to the charging equipment.

(b)  Electric utilities shall use their best efforts to:

(1)  encourage and facilitate interconnection processes for school energy sources; and

(2)  provide information about distribution system capacity and needs to market providers of on-site distributed renewable generation, energy storage, and electric school buses.

(c)  A school district or open-enrollment charter school, or a person acting on behalf of a school district or open-enrollment charter school, may, without registering as a power generation company:

(1)  provide distribution system grid services using a school energy source or a combination of school energy sources; and

(2)  receive appropriate compensation for electricity sold under Subdivision (1).

(d)  The independent organization certified under Section 39.151 for the ERCOT power region shall adopt rules or protocols to allow a school district or open-enrollment charter school, or a person acting on behalf of a school district or open-enrollment charter school, to sell energy and ancillary services from school energy sources in the wholesale market without registering as a power generation company.

SECTION 7.  The changes in law made by this Act in Chapter 390, Health and Safety Code, apply only to a Texas emissions reduction plan grant awarded on or after the effective date of this Act. A grant awarded before the effective date of this Act is governed by the law in effect on the date the award was made, and the former law is continued in effect for that purpose.

SECTION 8.  The changes in law made by this Act in Section 36.3531, Utilities Code, as added by this Act, do not require an electric utility to initiate a new ratemaking proceeding. An electric utility shall comply with Section 36.3531, Utilities Code, as added by this Act, beginning with the electric utility's first ratemaking proceeding that begins after the effective date of this Act.

SECTION 9.  This Act takes effect September 1, 2021.