AN ACT
relating to preparing for, preventing, and responding to weather
emergencies and power outages; increasing the amount of
administrative and civil penalties.

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

SECTION 1. Chapter 411, Government Code, is amended by
adding Subchapter K-1 to read as follows:

SUBCHAPTER K-1. POWER OUTAGE ALERT

Sec. 411.301. POWER OUTAGE ALERT. (a) With the cooperation
of the Texas Department of Transportation, the Texas Division of
Emergency Management, the office of the governor, and the Public
Utility Commission of Texas, the department shall develop and
implement an alert to be activated when the power supply in this
state may be inadequate to meet demand.

(b) The Public Utility Commission of Texas by rule shall
adopt criteria for the content, activation, and termination of the
alert described by Subsection (a). The criteria must provide for an
alert to be regional or statewide.

Sec. 411.302. ADMINISTRATION. (a) The director is the
statewide coordinator of the power outage alert.

(b) The director shall adopt rules and issue directives as
necessary to ensure proper implementation of the power outage
alert. The rules and directives must include the procedures to be
used by the Public Utility Commission of Texas and the independent
organization certified under Section 39.151, Utilities Code, to
communicate with the director about the power outage alert.

Sec. 411.303. DEPARTMENT TO RECRUIT PARTICIPANTS. The
department shall recruit public and commercial television and radio
broadcasters, private commercial entities, state or local
governmental entities, the public, and other appropriate persons to
assist in developing and implementing the power outage alert
system.

Sec. 411.304. STATE AGENCIES. (a) A state agency
participating in the power outage alert system shall:

(1) cooperate with the department and assist in
developing and implementing the alert system; and

(2) establish a plan for providing relevant
information to its officers, investigators, or employees, as
appropriate, once the power outage alert system has been activated.

(b) In addition to its duties as a state agency under
Subsection (a), the Texas Department of Transportation shall
establish a plan for providing relevant information to the public
through an existing system of dynamic message signs located across
the state.

Sec. 411.305. ACTIVATION OF POWER OUTAGE ALERT. (a) When
the Public Utility Commission of Texas or an independent
organization certified under Section 39.151, Utilities Code,
notifies the department that the criteria adopted under Section
411.301(b) for the activation of the alert has been met, the
department shall confirm the accuracy of the information and, if
confirmed, immediately issue a power outage alert under this
subchapter in accordance with department rules.

(b) In issuing the power outage alert, the department shall send the alert to designated media outlets in this state. Following receipt of the alert, participating radio stations and television stations and other participating media outlets may issue the alert at designated intervals.

Sec. 411.306. CONTENT OF POWER OUTAGE ALERT. The power outage alert must include a statement that electricity customers may experience a power outage.

Sec. 411.307. TERMINATION OF POWER OUTAGE ALERT. The director shall terminate any activation of the power outage alert as soon as practicable after the Public Utility Commission of Texas or the Electric Reliability Council of Texas notifies the department that the criteria adopted under Section 411.301(b) for the termination of the alert has been met.

Sec. 411.308. LIMITATION ON PARTICIPATION BY TEXAS DEPARTMENT OF TRANSPORTATION. Notwithstanding Section 411.304(b), the Texas Department of Transportation is not required to use any existing system of dynamic message signs in a statewide alert system created under this subchapter if that department receives notice from the United States Department of Transportation Federal Highway Administration that the use of the signs would result in the loss of federal highway funding or other punitive actions taken against this state due to noncompliance with federal laws, regulations, or policies.

SECTION 2. Section 418.048, Government Code, is amended to read as follows:

S.B. No. 3
Sec. 418.048. MONITORING WEATHER; DISASTER PREPAREDNESS EDUCATION. (a) The division shall keep continuously apprised of weather conditions that present danger of climatic activity, such as precipitation, severe enough to constitute a disaster.

(b) The division shall create a list of suggested actions for state agencies and the public to take to prepare for winter storms, organized by severity of storm based on the National Weather Service Winter Storm Severity Index.

(c) The division shall develop disaster preparedness educational materials that include instructions for preparing a disaster kit containing supplies most needed in a disaster or emergency, such as water, nonperishable food, medical supplies, flashlights, and other essential items, to assist families and businesses in adequately preparing for winter storms, hurricanes, floods, drought, fires, and other potential disasters.

(d) The division shall post on the division's Internet website and distribute to local governments and businesses the educational materials and instructions developed under Subsection (c).

SECTION 3. Chapter 418, Government Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. TEXAS ENERGY RELIABILITY COUNCIL

Sec. 418.301. DEFINITIONS. In this subchapter:

(1) "Chief" means the division's chief.

(2) "Council" means the Texas Energy Reliability Council.

Sec. 418.302. COUNCIL ESTABLISHED. (a) The Texas Energy
Reliability Council is established to:

(1) ensure that the energy and electric industries in this state meet high priority human needs and address critical infrastructure concerns; and

(2) enhance coordination and communication in the energy and electric industries in this state.

(b) Chapter 2110 does not apply to the council.

Sec. 418.303. MEMBERSHIP. (a) The council is composed of:

(1) the chairman of the Railroad Commission of Texas;

(2) the presiding officer of the Public Utility Commission of Texas;

(3) the chief executive of the Office of Public Utility Counsel;

(4) the presiding officer of the Texas Commission on Environmental Quality;

(5) the chair of the Texas Transportation Commission;

(6) a person to represent the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region, appointed by the governor;

(7) the chief;

(8) five persons to represent participants in the natural gas supply chain in this state, appointed by the Railroad Commission of Texas to represent as many types of participants as possible;

(9) five persons to represent the electric industry, appointed by the Public Utility Commission of Texas, including:

(A) one person to represent entities that provide
dispatchable electric energy to the power grid in this state;
(B) one person to represent transmission and
distribution utilities, as defined by Section 31.002, Utilities
Code;
(C) one person to represent retail electric
providers, as defined by Section 31.002, Utilities Code;
(D) one person to represent municipally owned
utilities, as defined by Section 11.003, Utilities Code; and
(E) one person to represent electric
cooperatives;
(10) three persons to represent energy sectors not
otherwise represented on the council, appointed by the Public
Utility Commission of Texas; and
(11) five persons to represent industrial concerns,
appointed by the governor, including:
(A) one person to represent motor fuel producers;
and
(B) one person to represent chemical
manufacturers.
(b) A member of the council described by Subsection (a)(1),
(2), (3), (4), (5), (6), or (7) may designate a person from the
member's agency to represent the member in any meeting.
(c) The council may request that a person collaborate with
the council to achieve the purposes described by Section 418.302.
Sec. 418.304. OFFICERS. (a) The chief shall serve as
presiding officer of the council.
(b) The council may select an assistant presiding officer
and secretary from among its members.

Sec. 418.305. COMPENSATION; REIMBURSEMENT. A member of the council is not entitled to compensation or reimbursement of expenses for service on the council.

Sec. 418.306. MEETINGS. (a) After its initial meeting, the council shall meet at least twice each year at a time and place determined by the chief.

(b) The council may meet at other times the council considers appropriate. The presiding officer may call a meeting on the officer's own motion.

Sec. 418.307. ADMINISTRATIVE SUPPORT. The division shall provide administrative support to the council.

Sec. 418.308. GENERAL DUTIES OF COUNCIL. (a) The council shall foster communication and planning to ensure preparedness for making available and delivering energy and electricity in this state to ensure that high priority human needs are met and critical infrastructure needs are addressed.

(b) The council shall foster communication and coordination between the energy and electric industries in this state.

Sec. 418.309. INFORMATION. (a) In this section:

(1) "Gas provider" means:

(A) a natural gas pipeline facility operator;

(B) an operator of a natural gas well; or

(C) an entity that produces, treats, processes, pressurizes, stores, or transports natural gas in this state or otherwise participates in the natural gas supply chain in this state.
(2) "Public utility" means an entity that generates, transmits, or distributes electric energy to the public, including an electric cooperative, an electric utility, a municipally owned utility, or a river authority.

(b) A public utility or gas provider shall provide to the council any information related to a disaster requested by the council. Information obtained by the council under this subsection is confidential and not subject to disclosure by the council if the information is critical energy infrastructure information as defined by the independent organization certified under Section 39.151, Utilities Code, for the ERCOT power region or federal law.

(c) Except as provided by Subsection (d), the meetings of the council and information obtained or created by the council are not subject to the requirements of Chapter 551 or 552.

(d) Information written, produced, collected, assembled, or maintained under law or in connection with the transaction of official business by the council or an officer or employee of the council is subject to Section 552.008 in the same manner as public information.

Sec. 418.310. REPORT. (a) Not later than November 1 of each even-numbered year, the council shall submit to the legislature a report on the reliability and stability of the electricity supply chain in this state.

(b) The report must include recommendations on methods to strengthen the electricity supply chain in this state and to decrease the frequency of extended power outages caused by a disaster in this state.
SECTION 4. Subchapter C, Chapter 81, Natural Resources Code, is amended by adding Section 81.073 to read as follows:

Sec. 81.073. CRITICAL NATURAL GAS FACILITIES AND ENTITIES.  
(a) The commission shall collaborate with the Public Utility Commission of Texas to adopt rules to establish a process to designate certain natural gas facilities and entities associated with providing natural gas in this state as critical customers or critical gas suppliers during energy emergencies.

(b) The rules must:

(1) establish criteria for designating persons who own or operate a facility under the jurisdiction of the commission under Section 81.051(a) or engage in an activity under the jurisdiction of the commission under Section 81.051(a) who must provide critical customer and critical gas supply information, as defined by the commission, to the entities described by Section 38.074(b)(1), Utilities Code;

(2) consider essential operational elements when defining critical customer designations and critical gas supply information for the purposes of Subdivision (1), including natural gas production, processing, and transportation, related produced water handling and disposal facilities, and the delivery of natural gas to generators of electric energy; and

(3) require that only facilities and entities that are prepared to operate during a weather emergency may be designated as a critical customer under this section.

SECTION 5. Subchapter C, Chapter 86, Natural Resources Code, is amended by adding Section 86.044 to read as follows:
Sec. 86.044. WEATHER EMERGENCY PREPAREDNESS. (a) In this section, "gas supply chain facility" means a facility that is:

(1) used for producing, treating, processing, pressurizing, storing, or transporting natural gas;

(2) not primarily used to support liquefied natural gas pretreatment, liquefaction, or regasification facilities in the business of exporting or importing liquefied natural gas to or from foreign countries;

(3) otherwise regulated by the commission under this subtitle; and

(4) not regulated by the commission under Chapter 121, Utilities Code.

(b) This section applies only to a gas supply chain facility that is:

(1) included on the electricity supply chain map created under Section 38.203, Utilities Code; and

(2) designated as critical by the commission in the manner provided by Section 81.073.

(c) The commission by rule shall require a gas supply chain facility operator to implement measures to prepare to operate during a weather emergency. In adopting the rules, the commission shall take into consideration weather predictions produced by the office of the state climatologist.

(d) The commission shall:

(1) inspect gas supply chain facilities for compliance with rules adopted under Subsection (c);

(2) provide the owner of a facility described by
Subdivision (1) with a reasonable period of time in which to remedy any violation the commission discovers in an inspection; and

(3) report to the attorney general any violation that is not remedied in a reasonable period of time.

(e) The commission shall prioritize inspections conducted under Subsection (d)(1) based on risk level, as determined by the commission.

(f) The commission by rule shall require an operator of a gas supply chain facility that experiences repeated weather-related or major weather-related forced interruptions of production to:

(1) contract with a person who is not an employee of the operator to assess the operator's weatherization plans, procedures, and operations; and

(2) submit the assessment to the commission.

(g) The commission may require an operator of a gas supply chain facility to implement appropriate recommendations included in an assessment submitted to the commission under Subsection (f).

(h) If the commission determines that a person has violated a rule adopted under this section, the commission shall notify the attorney general of a violation that is not remedied in a reasonable amount of time. The attorney general shall initiate a suit to recover a penalty for the violation in the manner provided by Subchapter G.

SECTION 6. Section 86.222, Natural Resources Code, is amended by adding Subsections (a-1), (c), and (d) to read as follows:
(a-1) Notwithstanding Subsection (a), a person who violates a provision of a rule adopted under Section 86.044 is liable for a penalty of not more than $1,000,000 for each offense.

(c) The commission by rule shall establish a classification system to be used by a court under this subchapter for violations of rules adopted under Section 86.044 that includes a range of penalties that may be recovered for each class of violation based on:

(1) the seriousness of the violation, including:
   (A) the nature, circumstances, extent, and gravity of a prohibited act; and
   (B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;
   (2) the history of previous violations;
   (3) the amount necessary to deter future violations;
   (4) efforts to correct the violation; and
   (5) any other matter that justice may require.

(d) The classification system established under Subsection (c) shall provide that a penalty in an amount that exceeds $5,000 may be recovered only if the violation is included in the highest class of violations in the classification system.

SECTION 7. Section 15.023, Utilities Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) Notwithstanding Subsection (b), the penalty for a violation of a provision of Section 35.0021 or 38.075 may be in an amount not to exceed $1,000,000 for a violation. Each day a violation continues or occurs is a separate violation for purposes
of imposing a penalty.

SECTION 8. Section 17.002, Utilities Code, is amended by adding Subdivisions (3-a) and (3-b) to read as follows:

(3-a) "Critical care residential customer" means a residential customer who has a person permanently residing in the customer's home who has been diagnosed by a physician as being dependent upon an electric-powered medical device to sustain life.

(3-b) "Critical load industrial customer" means an industrial customer for whom an interruption or suspension of electric service will create a dangerous or life-threatening condition on the customer's premises.

SECTION 9. Section 17.003, Utilities Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) An electric utility providing electric delivery service for a retail electric provider, as defined by Section 31.002, shall provide to the retail electric provider, and the retail electric provider shall periodically provide to the retail electric provider's retail customers together with bills sent to the customers, information about:

(1) the electric utility's procedures for implementing involuntary load shedding initiated by the independent organization certified under Section 39.151 for the ERCOT power region;

(2) the types of customers who may be considered critical care residential customers, critical load industrial customers, or critical load according to commission rules adopted under Section 38.076;
(3) the procedure for a customer to apply to be considered a critical care residential customer, a critical load industrial customer, or critical load according to commission rules adopted under Section 38.076; and

(4) reducing electricity use at times when involuntary load shedding events may be implemented.

SECTION 10. Section 17.005, Utilities Code, is amended to read as follows:

Sec. 17.005. PROTECTIONS FOR CUSTOMERS OF MUNICIPALLY OWNED UTILITIES. (a) A municipally owned utility may not be deemed to be a "service provider" or "billing agent" for purposes of Sections 17.004(a) and (b) and 17.156(b) and (e).

(b) The governing body of a municipally owned utility shall adopt, implement, and enforce rules that shall have the effect of accomplishing the objectives set out in Sections 17.004(a) and (b) and 17.102, as to the municipally owned utility within its certificated service area.

(c) The governing body of a municipally owned utility or its designee shall perform the dispute resolution function provided for by Section 17.157 for disputes arising from services provided by the municipally owned utility to electric customers served within the municipally owned utility's certificated service area.

(d) With respect to electric customers served by a municipally owned utility outside its certificated service area or otherwise served through others' distribution facilities, after retail competition begins as authorized by the legislature, the provisions of this chapter as administered by the commission apply.
(e) Nothing in this chapter shall be deemed to apply to a wholesale customer of a municipally owned utility.

(f) A municipally owned utility shall periodically provide with bills sent to retail customers of the utility information about:

1. the utility’s procedure for implementing involuntary load shedding;
2. the types of customers who may be considered critical care residential customers, critical load industrial customers, or critical load according to commission rules adopted under Section 38.076;
3. the procedure for a customer to apply to be considered a critical care residential customer, a critical load industrial customer, or critical load according to commission rules adopted under Section 38.076; and
4. reducing electricity use at times when involuntary load shedding events may be implemented.

SECTION 11. Section 17.006, Utilities Code, is amended to read as follows:

Sec. 17.006. PROTECTIONS FOR CUSTOMERS OF ELECTRIC COOPERATIVES. (a) An electric cooperative shall not be deemed to be a "service provider" or "billing agent" for purposes of Sections 17.156(b) and (e).

(b) The electric cooperative shall adopt, implement, and enforce rules that shall have the effect of accomplishing the objectives set out in Sections 17.004(a) and (b) and 17.102.

(c) The board of directors of the electric cooperative or
its designee shall perform the dispute resolution function provided
for by Section 17.157 for electric customers served by the electric
cooperative within its certificated service area.

(d) With respect to electric customers served by an electric
cooperative outside its certificated service area or otherwise
served through others' distribution facilities, after the
legislature authorizes retail competition, the provisions of this
chapter as administered by the commission shall apply.

(e) Nothing in this chapter shall be deemed to apply to a
wholesale customer of an electric cooperative.

(f) An electric cooperative shall periodically provide with
bills sent to retail customers of the cooperative information
about:

(1) the cooperative's procedure for implementing
involuntary load shedding;

(2) the types of customers who may be considered
critical care residential customers, critical load industrial
customers, or critical load according to commission rules adopted
under Section 38.076;

(3) the procedure for a customer to apply to be
considered a critical care residential customer, a critical load
industrial customer, or critical load according to commission rules
adopted under Section 38.076; and

(4) reducing electricity use at times when involuntary
load shedding events may be implemented.

SECTION 12. The heading to Chapter 35, Utilities Code, is
amended to read as follows:
CHAPTER 35. [ALTERNATIVE] ENERGY PROVIDERS

SECTION 13. Subchapter A, Chapter 35, Utilities Code, is amended by adding Section 35.0021 to read as follows:

Sec. 35.0021. WEATHER EMERGENCY PREPAREDNESS. (a) This section applies only to a municipally owned utility, electric cooperative, power generation company, or exempt wholesale generator that sells electric energy at wholesale in the ERCOT power region.

(b) The commission by rule shall require each provider of electric generation service described by Subsection (a) to implement measures to prepare the provider's generation assets to provide adequate electric generation service during a weather emergency according to reliability standards adopted by the commission. In adopting the rules, the commission shall take into consideration weather predictions produced by the office of the state climatologist.

(c) The independent organization certified under Section 39.151 for the ERCOT power region shall:

(1) inspect generation assets in the ERCOT power region for compliance with the reliability standards;

(2) provide the owner of a generation asset with a reasonable period of time in which to remedy any violation the independent organization discovers in an inspection; and

(3) report to the commission any violation.

(c-1) The independent organization certified under Section 39.151 for the ERCOT power region shall prioritize inspections conducted under Subsection (c)(1) based on risk level, as
determined by the organization.

(d) The commission by rule shall require a provider of electric generation service described by Subsection (a) for a generation asset that experiences repeated or major weather-related forced interruptions of service to:

(1) contract with a person who is not an employee of the provider to assess the provider's weatherization plans, procedures, and operations for that asset; and

(2) submit the assessment to the commission and the independent organization certified under Section 39.151 for the ERCOT power region.

(e) The commission may require a provider of electric generation service described by Subsection (a) to implement appropriate recommendations included in an assessment submitted to the commission under Subsection (d).

(f) The independent organization certified under Section 39.151 for the ERCOT power region shall review, coordinate, and approve or deny requests by providers of electric generation service described by Subsection (a) for a planned power outage during any season and for any period of time.

(g) The commission shall impose an administrative penalty on an entity, including a municipally owned utility or an electric cooperative, that violates a rule adopted under this section and does not remedy that violation within a reasonable period of time.

SECTION 14. Section 35.004, Utilities Code, is amended by amending Subsection (e) and adding Subsections (f), (g), and (h) to read as follows:
In this section, "ancillary services" means services necessary to facilitate the transmission of electric energy including load following, standby power, backup power, reactive power, and any other services as the commission may determine by rule.

The commission shall ensure that ancillary services necessary to facilitate the transmission of electric energy are available at reasonable prices with terms and conditions that are not unreasonably preferential, prejudicial, discriminatory, predatory, or anticompetitive.

On the introduction of customer choice in the ERCOT power region, acquisition of generation-related ancillary services on a nondiscriminatory basis by the independent organization in ERCOT on behalf of entities selling electricity at retail shall be deemed to meet the requirements of this subsection.

The commission shall:

1. review the type, volume, and cost of ancillary services to determine whether those services will continue to meet the needs of the electricity market in the ERCOT power region; and

2. evaluate whether additional services are needed for reliability in the ERCOT power region while providing adequate incentives for dispatchable generation.

The commission shall require the independent organization certified under Section 39.151 for the ERCOT power...
region to modify the design, procurement, and cost allocation of ancillary services for the region in a manner consistent with cost-causation principles and on a nondiscriminatory basis.

SECTION 15. Subchapter B, Chapter 35, Utilities Code, is amended by adding Section 35.037 to read as follows:

Sec. 35.037. FACILITATING CERTAIN INTERCOMPANY LANDFILL GAS-TO-ELECTRICITY USE. (a) This section only applies in a county with a population of more than one million in which a national wildlife refuge is wholly or partly located.

(b) Notwithstanding any other provision of this title, and for the purposes of reducing environmental emissions, putting to a beneficial purpose landfill gas as an electric generation fuel that would otherwise be flared, enabling the operation of electric generation to a greater degree, and enhancing the reliability and resilience of electric service in this state, a person who is not an electric utility and who owns and operates equipment or facilities to produce, generate, transmit, distribute, store, sell, or furnish electricity produced by the use of landfill methane gas may:

(1) use the equipment or facilities to provide electricity and electric service to the person and to the person's affiliates without being considered to be an electric utility, a public utility, a retail electric provider, a power marketer, or a person providing aggregation;

(2) interconnect the equipment or facilities in a timely manner and on reasonable and nondiscriminatory terms and conditions with any electric utility, municipally owned utility, or electric cooperative that has a retail service area for any portion
of the equipment or facilities; and

(3) receive backup, supplemental, or other electric service for any of the person's or the person's affiliates' facilities that consume electricity from any electric utility, municipally owned utility, or electric cooperative that has a retail service area for any portion of the person's facilities or equipment that are interconnected regardless of whether those facilities are in the same retail service area as the location of the interconnection point.

(c) Backup, supplemental, or other electric service provided under this section through an interconnection for a person's electricity-consuming facilities that are connected to the person's interconnected equipment or facilities does not constitute a service area encroachment or other violation of law by the electric utility, municipally owned utility, or electric cooperative supplying the backup, supplemental, or other electric service.

SECTION 16. Subchapter D, Chapter 38, Utilities Code, is amended by adding Sections 38.074, 38.075, 38.076, and 38.077 to read as follows:

Sec. 38.074. CRITICAL NATURAL GAS FACILITIES AND ENTITIES.

(a) The commission shall collaborate with the Railroad Commission of Texas to adopt rules to establish a process to designate certain natural gas facilities and entities associated with providing natural gas in this state as critical during energy emergencies.

(b) The rules must:

(1) ensure that the independent organization
certified under Section 39.151 for the ERCOT power region and each
electric utility, municipally owned utility, and electric
cooperative providing service in the ERCOT power region is provided
with the information required by Section 81.073, Natural Resources
Code;

(2) provide for prioritizing for load-shed purposes
during an energy emergency the facilities and entities designated
under Subsection (a); and

(3) provide discretion to an electric utility,
municipally owned utility, or electric cooperative providing
service in the ERCOT power region to prioritize power delivery and
power restoration among the facilities and entities designated
under Subsection (a) on the utility's or cooperative's systems, as
circumstances require.

Sec. 38.075. WEATHER EMERGENCY PREPAREDNESS. (a) The
commission by rule shall require each electric cooperative,
municipally owned utility, and transmission and distribution
utility providing transmission service in the ERCOT power region to
implement measures to prepare the cooperative's or utility's
facilities to maintain service quality and reliability during a
weather emergency according to standards adopted by the commission.
In adopting the rules, the commission shall take into consideration
weather predictions produced by the office of the state
climatologist.

(b) The independent organization certified under Section
39.151 for the ERCOT power region shall:

(1) inspect the facilities of each electric
cooperative, municipally owned utility, and transmission and
distribution utility providing transmission service in the ERCOT
power region for compliance with the reliability standards;

(2) provide the owner of a facility described by
Subdivision (1) with a reasonable period of time in which to remedy
any violation the independent organization discovers in an
inspection; and

(3) report to the commission any violation that is not
remedied in a reasonable period of time.

(c) The independent organization certified under Section

39.151 for the ERCOT power region shall prioritize inspections
conducted under Subsection (b)(1) based on risk level, as
determined by the organization.

(d) The commission shall impose an administrative penalty
on an entity, including a municipally owned utility or an electric
cooperative, that violates a rule adopted under this section and
does not remedy that violation within a reasonable period of time.

(e) Notwithstanding any other provision of this subtitle,
the commission shall allow a transmission and distribution utility
to design and operate a load management program for nonresidential
customers to be used where the independent organization certified
under Section 39.151 for the ERCOT power region has declared a Level
2 Emergency or a higher level of emergency or has otherwise directed
the transmission and distribution utility to shed load. A
transmission and distribution utility implementing a load
management program under this subsection shall be permitted to
recover the reasonable and necessary costs of the load management
program under Chapter 36. A load management program operated under this subsection is not considered a competitive service.

Sec. 38.076. INVOLUNTARY AND VOLUNTARY LOAD SHEDDING. (a) The commission by rule shall adopt a system to allocate load shedding among electric cooperatives, municipally owned utilities, and transmission and distribution utilities providing transmission service in the ERCOT power region during an involuntary load shedding event initiated by the independent organization certified under Section 39.151 for the region during an energy emergency.

(b) The system must provide for allocation of the load shedding obligation to each electric cooperative, municipally owned utility, and transmission and distribution utility in different seasons based on historical seasonal peak demand in the service territory of the electric cooperative, municipally owned utility, or transmission and distribution utility.

(c) The commission by rule shall:

(1) categorize types of critical load that may be given the highest priority for power restoration; and

(2) require electric cooperatives, municipally owned utilities, and transmission and distribution utilities providing transmission service in the ERCOT power region to submit to the commission and the independent organization certified under Section 39.151 for the region:

(A) customers or circuits the cooperative or utility has designated as critical load; and

(B) a plan for participating in load shedding in response to an involuntary load shedding event described by
Subsection (a).

(d) The commission by rule shall require electric cooperatives and municipally owned utilities providing transmission service in the ERCOT power region to:

(1) maintain lists of customers willing to voluntarily participate in voluntary load reduction; and

(2) coordinate with municipalities, businesses, and customers that consume large amounts of electricity to encourage voluntary load reduction.

(e) This section does not abridge, enlarge, or modify the obligation of an electric cooperative, a municipally owned utility, or a transmission and distribution utility to comply with federal reliability standards.

(f) After each load shedding event, the commission may conduct an examination of the implementation of load shedding, including whether each electric cooperative, municipally owned utility, and transmission and distribution utility complied with its plan as filed with the commission under Subsection (c)(2).

Sec. 38.077. LOAD SHEDDING EXERCISES. (a) The commission and the independent organization certified for the ERCOT power region shall conduct simulated or tabletop load shedding exercises with providers of electric generation service and transmission and distribution service in the ERCOT power region.

(b) The commission shall ensure that each year at least one simulated or tabletop exercise is conducted during a summer month and one simulated or tabletop exercise is conducted during a winter month.
SECTION 17. Chapter 38, Utilities Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. TEXAS ELECTRICITY SUPPLY CHAIN SECURITY AND MAPPING COMMITTEE

Sec. 38.201. TEXAS ELECTRICITY SUPPLY CHAIN SECURITY AND MAPPING COMMITTEE. (a) In this subchapter, "electricity supply chain" means:

(1) facilities and methods used for producing, treating, processing, pressurizing, storing, or transporting natural gas for delivery to electric generation facilities; and

(2) critical infrastructure necessary to maintain electricity service.

(b) The Texas Electricity Supply Chain Security and Mapping Committee is established to:

(1) map this state’s electricity supply chain;

(2) identify critical infrastructure sources in the electricity supply chain;

(3) establish best practices to prepare facilities that provide electric service and natural gas service in the electricity supply chain to maintain service in an extreme weather event and recommend oversight and compliance standards for those facilities; and

(4) designate priority service needs to prepare for, respond to, and recover from an extreme weather event.

(c) The committee is composed of:

(1) the executive director of the commission;

(2) the executive director of the Railroad Commission.
of Texas;

(3) the president and the chief executive officer of the independent organization certified under Section 39.151 for the ERCOT power region; and

(4) the chief of the Texas Division of Emergency Management.

(d) Each member of the committee may designate a personal representative from the member's organization to represent the member on the committee. A member is responsible for the acts and omissions of the designee related to the designee's representation on the committee.

(e) The executive director of the commission serves as the chair of the committee. The executive director of the Railroad Commission of Texas serves as vice chair of the committee.

Sec. 38.202. ADMINISTRATION. (a) The committee shall meet at least once each calendar quarter at a time determined by the committee and at the call of the chair.

(b) A member who is an ex officio member from a state agency shall be reimbursed for actual and necessary expenses in carrying out committee responsibilities from money appropriated for that purpose in the agency's budget. Other members of the committee may receive reimbursement for actual and necessary expenses in carrying out committee responsibilities from money appropriated for that purpose.

(c) The commission, the Railroad Commission of Texas, and the Texas Division of Emergency Management shall provide staff as necessary to assist the committee in carrying out the committee's
duties and responsibilities.

(d) The independent organization certified under Section 39.151 for the ERCOT power region shall provide staff as necessary to assist the committee in carrying out the committee's duties and responsibilities.

(e) Except as otherwise provided by this subchapter, the committee is not subject to Chapters 2001, 551, and 552, Government Code.

(f) Information written, produced, collected, assembled, or maintained under law or in connection with the transaction of official business by the committee or an officer or employee of the committee is subject to Section 552.008, Government Code. This subsection does not apply to the physical locations of critical facilities, maps created under this subchapter, or proprietary information created or gathered during the mapping process.

Sec. 38.203. POWERS AND DUTIES OF COMMITTEE. (a) The committee shall:

(1) map the state's electricity supply chain in order to designate priority electricity service needs during extreme weather events;

(2) identify and designate the sources in the electricity supply chain necessary to operate critical infrastructure, as defined by Section 421.001, Government Code;

(3) develop a communication system between critical infrastructure sources, the commission, and the independent organization certified under Section 39.151 for the ERCOT power region to ensure that electricity and natural gas supplies in the
electricity supply chain are prioritized to those sources during an extreme weather event; and

(4) establish best practices to prepare facilities that provide electric service and natural gas service in the electricity supply chain to maintain service in an extreme weather event and recommend oversight and compliance standards for those facilities.

(b) The committee shall update the electricity supply chain map at least once each year.

(c) The commission shall:

(1) create and maintain a database identifying critical infrastructure sources with priority electricity needs to be used during an extreme weather event; and

(2) update the database at least once each year.

(d) The information maintained in the database is confidential under Section 418.181, Government Code, and not subject to disclosure under Chapter 552, Government Code.

(e) The committee shall provide the Texas Energy Reliability Council with access to the electricity supply chain map.

Sec. 38.204. MAPPING REPORT. (a) Not later than January 1, 2022, the committee shall submit a report to the governor, the lieutenant governor, the speaker of the house of representatives, the legislature, and the Texas Energy Reliability Council on the activities and findings of the committee. The report must:

(1) provide an overview of the committee's findings regarding mapping the electricity supply chain and identifying
sources necessary to operate critical infrastructure;

(2) recommend a clear and thorough communication system for the commission, the Railroad Commission of Texas, the Texas Division of Emergency Management, and the independent organization certified under Section 39.151 for the ERCOT power region and critical infrastructure sources in this state to ensure that electricity supply is prioritized to those sources during extreme weather events; and

(3) include a list of the established best practices and recommended oversight and compliance standards adopted under Section 38.203(a)(4).

(b) The report is public information except for portions considered confidential under Chapter 552, Government Code, or other state or federal law.

SECTION 18. Subchapter D, Chapter 39, Utilities Code, is amended by adding Sections 39.159 and 39.160 to read as follows:

Sec. 39.159. DISPATCHABLE GENERATION. (a) For the purposes of this section, a generation facility is considered to be non-dispatchable if the facility's output is controlled primarily by forces outside of human control.

(b) The commission shall ensure that the independent organization certified under Section 39.151 for the ERCOT power region:

(1) establishes requirements to meet the reliability needs of the power region;

(2) periodically, but at least annually, determines the quantity and characteristics of ancillary or reliability
services necessary to ensure appropriate reliability during extreme heat and extreme cold weather conditions and during times of low non-dispatchable power production in the power region;

(3) procures ancillary or reliability services on a competitive basis to ensure appropriate reliability during extreme heat and extreme cold weather conditions and during times of low non-dispatchable power production in the power region;

(4) develops appropriate qualification and performance requirements for providing services under Subdivision (3), including appropriate penalties for failure to provide the services; and

(5) sizes the services procured under Subdivision (3) to prevent prolonged rotating outages due to net load variability in high demand and low supply scenarios.

(c) The commission shall ensure that:

(1) resources that provide services under Subsection (b) are dispatchable and able to meet continuous operating requirements for the season in which the service is procured;

(2) winter resource capability qualifications for a service described by Subsection (b) include on-site fuel storage, dual fuel capability, or fuel supply arrangements to ensure winter performance for several days; and

(3) summer resource capability qualifications for a service described by Subsection (b) include facilities or procedures to ensure operation under drought conditions.

Sec. 39.160. WHOLESALE PRICING PROCEDURES. (a) The commission by rule shall establish an emergency pricing program for
(b) The emergency pricing program must take effect if the high system-wide offer cap has been in effect for 12 hours in a 24-hour period after initially reaching the high system-wide offer cap. The commission by rule shall determine the criteria for the emergency pricing program to cease.

(c) The emergency pricing program may not allow an emergency pricing program cap to exceed any nonemergency high system-wide offer cap.

(d) The commission by rule shall establish an ancillary services cap to be in effect during the period an emergency pricing program is in effect.

(e) Any wholesale pricing procedure that has a low system-wide offer cap may not allow the low system-wide offer cap to exceed the high system-wide offer cap.

(f) The commission shall review each system-wide offer cap program adopted by the commission, including the emergency pricing program, at least once every five years to determine whether to update aspects of the program.

(g) The emergency pricing program must allow generators to be reimbursed for reasonable, verifiable operating costs that exceed the emergency cap.

SECTION 19. Subchapter Z, Chapter 39, Utilities Code, is amended by adding Section 39.9165 to read as follows:

Sec. 39.9165. DISTRIBUTED GENERATION REPORTING. (a) In this section, "distributed generation" is an electrical generating facility that:
(1) may be located at a customer's point of delivery;
(2) is connected at a voltage less than 60 kilovolts;
and
(3) may be connected in parallel operation to the utility system.

(b) An independent organization certified under Section 39.151 shall require an owner or operator of distributed generation to register with the organization and interconnecting transmission and distribution utility information necessary for the interconnection of the distributed generator.

(c) This section does not apply to distributed generation serving a residential property.

SECTION 20. Section 105.023, Utilities Code, is amended by adding Subsections (b-1), (e), and (f) to read as follows:

(b-1) Notwithstanding Subsection (b), a civil penalty under this section shall be in an amount of not less than $1,000 and not more than $1,000,000 for each violation of Section 104.258(c).

(e) The railroad commission by rule shall establish a classification system to be used by a court under this subchapter for violations of Section 104.258(c) that includes a range of penalties that may be recovered for each class of violation based on:

(1) the seriousness of the violation, including:
(A) the nature, circumstances, extent, and gravity of a prohibited act; and
(B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;
(2) the history of previous violations;
(3) the amount necessary to deter future violations;
(4) efforts to correct the violation; and
(5) any other matter that justice may require.

(f) The classification system established under Subsection
(e) shall provide that a penalty in an amount that exceeds $5,000
may be recovered only if the violation is included in the highest
class of violations in the classification system.

SECTION 21. Section 121.2015, Utilities Code, is amended by
amending Subsection (a) and adding Subsections (a-1), (c-1), (c-2),
(d), (e), and (f) to read as follows:

(a) The railroad commission shall adopt rules regarding:
(1) public education and awareness relating to gas
pipeline facilities; [and]
(2) community liaison for responding to an emergency
relating to a gas pipeline facility; and
(3) measures a gas pipeline facility operator must
implement to prepare the gas pipeline facility to maintain service
quality and reliability during extreme weather conditions if the
gas pipeline facility:
(A) directly serves a natural gas electric
generation facility operating solely to provide power to the
electric grid for the ERCOT power region or for the ERCOT power
region and an adjacent power region; and
(B) is included on the electricity supply chain
map created under Section 38.203.

(a-1) In adopting rules under Subsection (a)(3), the
railroad commission shall take into consideration weather predictions produced by the office of the state climatologist.

(c-1) The railroad commission shall:

(1) inspect gas pipeline facilities described by Subsection (a)(3) for compliance with rules adopted under Subsection (a)(3);

(2) provide the owner of a facility described by Subsection (a)(3) with a reasonable period of time in which to remedy any violation the railroad commission discovers in an inspection; and

(3) report to the attorney general any violation that is not remedied in a reasonable period of time.

(c-2) The railroad commission shall prioritize inspections conducted under Subsection (c-1)(1) based on risk level, as determined by the railroad commission.

(d) The railroad commission by rule shall require a gas pipeline facility operator described by Subsection (a)(3) that experiences repeated or major weather-related forced interruptions of service to:

(1) contract with a person who is not an employee of the operator to assess the operator's weatherization plans, procedures, and operations; and

(2) submit the assessment to the commission.

(e) The railroad commission may require an operator of a gas pipeline facility described by Subsection (a)(3) to implement appropriate recommendations included in an assessment submitted to the commission under Subsection (d).
(f) The railroad commission shall assess an administrative penalty against a person who violates a rule adopted under Subsection (a)(3) if the violation is not remedied in a reasonable period of time in the manner provided by this subchapter.

SECTION 22. Section 121.206, Utilities Code, is amended by adding Subsections (b-1) and (e) to read as follows:

(b-1) Notwithstanding Subsection (b), the penalty for each violation may not exceed $1,000,000 for a violation of a rule adopted under Section 121.2015(a)(3). Each day a violation continues may be considered a separate violation for the purpose of penalty assessment.

(e) The guidelines must provide that a penalty in an amount that exceeds $5,000 for a violation of a rule adopted under Section 121.2015(a)(3) may be assessed only if circumstances justify the enhancement of the penalty.

SECTION 23. The heading to Section 186.007, Utilities Code, is amended to read as follows:

Sec. 186.007. PUBLIC UTILITY COMMISSION WEATHER EMERGENCY PREPAREDNESS REPORTS [REPORT].

SECTION 24. Sections 186.007(a-1), (b), (d), (e), and (f), Utilities Code, are amended to read as follows:

(a-1) The commission shall analyze emergency operations plans developed by electric utilities as defined by Section 31.002, power generation companies as defined by Section 31.002, municipally owned utilities, and electric cooperatives that operate generation facilities in this state and retail electric providers as defined by Section 31.002 and prepare a weather
emergency preparedness report on power [generation] weatherization preparedness. In preparing the report, the commission shall:

(1) review [the] emergency operations plans [currently] on file with the commission;

(2) analyze and determine the ability of the electric grid to withstand extreme weather events in the upcoming year;

(3) consider the anticipated weather patterns for the upcoming year as forecasted by the National Weather Service or any similar state or national agency; and

(4) make recommendations on improving emergency operations plans and procedures in order to ensure the continuity of electric service.

(b) The commission shall [may] require an [electric generation] entity subject to this section to file an updated emergency operations plan if it finds that an emergency operations plan on file does not contain adequate information to determine whether the [electric generation] entity can provide adequate electric [generation] services.

(d) The commission shall submit the report described by Subsection (a-1) to the lieutenant governor, the speaker of the house of representatives, and the members of the legislature not later than September 30 of each even-numbered year[2012].

(e) The commission may submit additional [subsequent] weather emergency preparedness reports if the commission finds that significant changes to weatherization techniques have occurred or are necessary to protect consumers or vital services, or if there have been changes to statutes or rules relating to weatherization
requirements. A report under this subsection must be submitted not later than:

(1) March 1 for a summer weather emergency preparedness report; and

(2) September 1 for a winter weather emergency preparedness report.

(f) The emergency operations plans submitted for a report described by Subsection (a-1) and any additional plans submitted under Subsection (e) are public information except for the portions of the plan considered confidential under Chapter 552, Government Code, or other state or federal law. If portions of a plan are designated as confidential, the plan shall be provided to the commission in a redacted form for public inspection with the confidential portions removed. An entity within the ERCOT power region shall provide the entity's plan to ERCOT in its entirety.

SECTION 25. Subchapter A, Chapter 186, Utilities Code, is amended by adding Section 186.008 to read as follows:

Sec. 186.008. RAILROAD COMMISSION WEATHER EMERGENCY PREPAREDNESS REPORTS. (a) In this section, "commission" means the Railroad Commission of Texas.

(b) The commission shall analyze emergency operations plans developed by operators of facilities that produce, treat, process, pressurize, store, or transport natural gas and are included on the electricity supply chain map created under Section 38.203 and prepare a weather emergency preparedness report on weatherization preparedness of those facilities. In preparing the report, the
commission shall:

(1) review any emergency operations plans on file with the commission;

(2) analyze and determine the ability of the electricity supply chain, as mapped under Section 38.203, to withstand extreme weather events in the upcoming year;

(3) consider the anticipated weather patterns for the upcoming year as forecasted by the National Weather Service or any similar state or national agency; and

(4) make recommendations on improving emergency operations plans and procedures in order to ensure the continuity of natural gas service for the electricity supply chain, as mapped under Section 38.203.

(c) The commission shall require an entity subject to this section to file an updated emergency operations plan if it finds that an emergency operations plan on file does not contain adequate information to determine whether the entity can provide adequate natural gas services.

(d) The commission may adopt rules relating to the implementation of the report described by Subsection (b).

(e) The commission shall submit the report described by Subsection (b) to the lieutenant governor, the speaker of the house of representatives, and the members of the legislature not later than September 30 of each even-numbered year.

(f) The commission may submit additional weather emergency preparedness reports if the commission finds that significant changes to weatherization techniques have occurred or are necessary.
to protect consumers or vital services, or if there have been
changes to statutes or rules relating to weatherization
requirements. A report under this subsection must be submitted not
later than:

(1) March 1 for a summer weather emergency
preparedness report; and

(2) September 1 for a winter weather emergency
preparedness report.

(g) The emergency operations plans submitted for a report
described by Subsection (b) and any additional plans submitted
under Subsection (f) are public information except for the portions
of the plan considered confidential under Chapter 552, Government
Code, or other state or federal law. If portions of a plan are
designated as confidential, the plan shall be provided to the
commission in a redacted form for public inspection with the
confidential portions removed.

SECTION 26. Subchapter E, Chapter 13, Water Code, is
amended by adding Section 13.1394 to read as follows:

Sec. 13.1394. STANDARDS OF EMERGENCY OPERATIONS. (a) In
this section:

(1) "Affected utility" means a retail public utility,
exempt utility, or provider or conveyor of potable or raw water
service that:

(A) furnishes water service to more than one
customer; and

(B) is not an affected utility under Section
13.1395.
(2) "Emergency operations" means the operation of a water system during an extended power outage that impacts the operating affected utility.

(3) "Extended power outage" means a power outage lasting for more than 24 hours.

(b) An affected utility shall:

(1) ensure the emergency operation of its water system during an extended power outage at a minimum water pressure of 20 pounds per square inch, or at a water pressure level approved by the commission, as soon as safe and practicable following the occurrence of a natural disaster; and

(2) adopt and submit to the commission for its approval:

(A) an emergency preparedness plan that demonstrates the utility's ability to provide the emergency operations described by Subdivision (1); and

(B) a timeline for implementing the plan described by Paragraph (A).

(c) The commission shall review an emergency preparedness plan submitted under Subsection (b). If the commission determines that the plan is not acceptable, the commission shall recommend changes to the plan. The commission must make its recommendations on or before the 90th day after the commission receives the plan. In accordance with commission rules, an emergency preparedness plan for a provider of potable water shall provide for one or more of the following:

(1) the maintenance of automatically starting
auxiliary generators;

(2) the sharing of auxiliary generator capacity with one or more affected utilities, including through participation in a statewide mutual aid program;

(3) the negotiation of leasing and contracting agreements, including emergency mutual aid agreements with other retail public utilities, exempt utilities, or providers or conveyors of potable or raw water service, if the agreements provide for coordination with the division of emergency management in the governor's office;

(4) the use of portable generators capable of serving multiple facilities equipped with quick-connect systems;

(5) the use of on-site electrical generation or distributed generation facilities;

(6) hardening the electric transmission and distribution system serving the water system;

(7) for existing facilities, the maintenance of direct engine or right angle drives;

(8) designation of the water system as a critical load facility or redundant, isolated, or dedicated electrical feeds;

(9) water storage capabilities;

(10) water supplies delivered from outside the service area of the affected utility;

(11) the ability to provide water through artesian flows;

(12) redundant interconnectivity between pressure zones;
emergency water demand rules to maintain emergency operations; or

any other alternative determined by the commission to be acceptable.

(d) Each affected utility that supplies, provides, or conveys raw surface water shall include in its emergency preparedness plan under Subsection (b) provisions for demonstrating the capability of each raw water intake pump station, pump station, and pressure facility to provide raw water service to its wholesale customers during emergencies. This subsection does not apply to raw water services that are unnecessary or otherwise subject to interruption or curtailment during emergencies under a contract.

(e) The commission shall adopt rules to implement this section as an alternative to any rule requiring elevated storage.

(f) The commission shall provide an affected utility with access to the commission's financial, managerial, and technical contractors to assist the utility in complying with the applicable emergency preparedness plan submission deadline.

(g) The commission by rule shall create an emergency preparedness plan template for use by an affected utility when submitting a plan under this section. The emergency preparedness plan template shall contain:

(1) a list and explanation of the preparations an affected utility may make under Subsection (c) for the commission to approve the utility's emergency preparedness plan; and

(2) a list of all commission rules and standards
pertaining to emergency preparedness plans.

(h) An emergency generator used as part of an approved emergency preparedness plan under Subsection (c) must be operated and maintained according to the manufacturer's specifications.

(i) The commission shall inspect each utility to ensure that the utility complies with the approved plan.

(j) The commission shall consider whether compliance with this section will cause a significant financial burden on customers of an affected utility when making recommended changes under Subsection (c).

(k) An affected utility may adopt and enforce limitations on water use while the utility is providing emergency operations.

(l) Except as specifically required by this section, information provided by an affected utility under this section is confidential and is not subject to disclosure under Chapter 552, Government Code.

(m) The commission shall coordinate with the utility commission in the administration of this section.

SECTION 27. The heading to Section 13.1395, Water Code, is amended to read as follows:

Sec. 13.1395. STANDARDS OF EMERGENCY OPERATIONS IN CERTAIN COUNTIES.

SECTION 28. Section 13.1395(d), Water Code, is amended to read as follows:

(d) This subsection does not apply to raw water services that are unnecessary or otherwise subject to interruption or curtailment during emergencies under a contract. Each affected
utility that supplies, provides, or conveys surface water shall
include in its emergency preparedness plan under Subsection (b)
provisions:

(1) for the actual installation and maintenance of
automatically starting auxiliary generators or distributive
generation facilities for each raw water intake pump station, water
treatment plant, pump station, and pressure facility necessary to
provide water to its wholesale customers during emergencies; or

(2) that demonstrate the capability of each raw water
intake pump station, water treatment plant, pump station, and
pressure facility to provide water to its wholesale customers
during emergencies through alternative means acceptable to the
commission.

SECTION 29. Section 13.1396, Water Code, is amended by
adding Subsection (a-1) to read as follows:

(a-1) This section applies only to an affected utility, as
defined by Section 13.1394 or 13.1395.

SECTION 30. Subchapter E, Chapter 13, Water Code, is
amended by adding Section 13.151 to read as follows:

Sec. 13.151. BILLING FOR SERVICES PROVIDED DURING EXTREME
WEATHER EMERGENCY. (a) In this section, "extreme weather
emergency" means a period when the previous day's highest
temperature did not exceed 28 degrees Fahrenheit and the
temperature is predicted to remain at or below that level for the
next 24 hours according to the nearest National Weather Service
reports.

(b) A retail public utility that is required to possess a
certificate of public convenience and necessity or a district or
affected county that furnishes retail water or sewer utility
service shall not impose late fees or disconnect service for
nonpayment of bills that are due during an extreme weather
emergency until after the emergency is over and shall work with
customers that request to establish a payment schedule for unpaid
bills that are due during the extreme weather emergency.

SECTION 31. Section 13.414, Water Code, is amended by
adding Subsections (a-1), (d), and (e) to read as follows:

(a-1) Notwithstanding Subsection (a), a retail public
utility or affiliated interest that violates Section 13.151 is
subject to a civil penalty of not less than $100 nor more than
$50,000 for each violation.

(d) The utility commission by rule shall establish a
classification system to be used by a court under this section for
violations of Section 13.151 that includes a range of penalties
that may be recovered for each class of violation based on:

(1) the seriousness of the violation, including:
   (A) the nature, circumstances, extent, and
   gravity of a prohibited act; and
   (B) the hazard or potential hazard created to the
   health, safety, or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter future violations;

(4) efforts to correct the violation; and

(5) any other matter that justice may require.

(e) The classification system established under Subsection
(d) shall provide that a penalty in an amount that exceeds $5,000 may be recovered only if the violation is included in the highest class of violations in the classification system.

SECTION 32. Section 13.1396(a)(1), Water Code, is repealed.

SECTION 33. (a) The State Energy Plan Advisory Committee is composed of 12 members. The governor, lieutenant governor, and speaker of the house of representatives each shall appoint four members to the advisory committee.

(b) Not later than September 1, 2022, the State Energy Plan Advisory Committee shall prepare a comprehensive state energy plan. The plan must:

(1) evaluate barriers in the electricity and natural gas markets that prevent sound economic decisions;

(2) evaluate methods to improve the reliability, stability, and affordability of electric service in this state;

(3) provide recommendations for removing the barriers described by Subdivision (1) of this subsection and using the methods described by Subdivision (2) of this subsection; and

(4) evaluate the electricity market structure and pricing mechanisms used in this state, including the ancillary services market and emergency response services.

(c) The state energy plan prepared under this section must be submitted to the legislature not later than September 1, 2022.

SECTION 34. The Public Utility Commission of Texas and the independent organization certified under Section 39.151, Utilities Code, shall annually review statutes, rules, protocols, and bylaws that apply to conflicts of interest for commissioners and for

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members of the governing body of the independent organization and
submit to the legislature a report on the effects the statutes,
rules, protocols, and bylaws have on the ability of the commission
and the independent organization to fulfill their duties.

SECTION 35. The Public Utility Commission of Texas shall
complete the first review required by Section 39.160(f), Utilities
Code, as added by this Act, not later than December 31, 2021.

SECTION 36. (a) Not later than November 1, 2021, each
affected utility, as defined by Section 13.1394, Water Code, as
added by this Act, shall complete the submissions required by
Section 13.1396(c), Water Code.
(b) Not later than March 1, 2022, each affected utility
shall submit to the Texas Commission on Environmental Quality the
emergency preparedness plan required by Section 13.1394, Water
Code, as added by this Act.
(c) Not later than July 1, 2022, or upon final approval by
the commission, each affected utility shall implement the emergency
preparedness plan approved by the Texas Commission on Environmental
Quality under Section 13.1394, Water Code, as added by this Act.
(d) An affected utility, as defined by Section 13.1394,
Water Code, as added by this Act, may file with the Texas Commission
on Environmental Quality a written request for an extension, not to
exceed 90 days, of the date by which the affected utility is
required under Subsection (b) of this section to submit the
affected utility's emergency preparedness plan or of the date by
which the affected utility is required under Subsection (c) of this
section to implement the affected utility's emergency preparedness
plan. The Texas Commission on Environmental Quality shall approve the requested extension for good cause shown.

SECTION 37. The Texas Electricity Supply Chain Security and Mapping Committee shall produce the map required under Section 38.203, Utilities Code, as added by this Act, not later than September 1, 2022.

SECTION 38. Not later than six months after the date the Texas Electricity Supply Chain Security and Mapping Committee produces the map required under Section 38.203, Utilities Code, as added by this Act, the Railroad Commission of Texas shall adopt rules necessary to implement:

(1) Section 86.044, Natural Resources Code, as added by this Act; and

(2) Section 121.2015, Utilities Code, as amended by this Act.

SECTION 39. Not later than six months after the effective date of this Act, the Public Utility Commission of Texas shall adopt rules necessary to implement:

(1) Section 35.0021, Utilities Code, as added by this Act; and

(2) Section 38.075, Utilities Code, as added by this Act.

SECTION 40. It is the intent of the legislature that this Act not restrict or amend the sole jurisdiction of the Railroad Commission of Texas to establish rules or requirements relating to curtailment orders for facilities and entities in the commission's jurisdiction under the Natural Resources Code or the Utilities
SECTION 41. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.
President of the Senate

I hereby certify that S.B. No. 3 passed the Senate on March 29, 2021, by the following vote: Yeas 31, Nays 0; May 27, 2021, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 28, 2021, House granted request of the Senate; May 30, 2021, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 3 passed the House, with amendments, on May 24, 2021, by the following vote: Yeas 142, Nays 1, one present not voting; May 28, 2021, House granted request of the Senate for appointment of Conference Committee; May 30, 2021, House adopted Conference Committee Report by the following vote: Yeas 142, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor