

Amend CSHB 1500 (senate committee printing) by adding the following appropriately numbered SECTION to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION _____. Subchapter D, Chapter 38, Utilities Code, is amended by adding Section 38.078 to read as follows:

Sec. 38.078. CIRCUIT SEGMENTATION STUDY AND COST RECOVERY.

(a) Not later than September 15, 2023, the commission shall direct each transmission and distribution utility to perform a circuit segmentation study.

(b) A circuit segmentation study must:

(1) use an engineering analysis to examine whether and how the transmission and distribution utility's transmission and distribution systems can be segmented and sectionalized to manage and rotate outages more evenly across all customers and circuits, while maintaining the protections offered to critical facilities;

(2) include an engineering analysis of the feasibility of using sectionalization, automated reclosers, and other technology to break up the circuits that host significant numbers of critical facilities into smaller segments for outage management purposes to enable more granular and flexible outage management;

(3) identify feeders with critical facilities that, if equipped with facility-specific backup power systems and segmentation, can enhance the utility's outage management flexibility; and

(4) include an estimate of the time, capital cost, and expected improvements to load-shed management associated with the circuit segmentation study.

(c) Each transmission and distribution utility shall submit a report of the conclusions of the utility's study to the commission not later than September 1, 2024.

(d) The commission shall review each circuit segmentation study not later than March 15, 2025.

(e) If the commission determines that the implementation of circuit segmentation engineering and investments as provided by a transmission and distribution utility's circuit segmentation study report would facilitate better outage management in the ERCOT power region, investments made by the utility for such purposes shall be

presumed just, reasonable, and appropriate for rate-based cost recovery.