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By:  Schwertner S.B. No. 2627

A BILL TO BE ENTITLED

AN ACT

relating to funding mechanisms to support the construction, maintenance, and modernization of dispatchable electric generating facilities.

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

SECTION 1.  This Act may be cited as the Powering Texas Forward Act.

SECTION 2.  Subtitle B, Title 2, Utilities Code, is amended by adding Chapter 34 to read as follows:

CHAPTER 34. GENERATING FACILITY FUNDING

Sec. 34.0101.  DEFINITIONS. In this chapter:

(1)  "Advisory committee" means the Texas Energy Fund Advisory Committee.

(2)  "Fund" means the Texas energy fund established by Section 49-q, Article III, Texas Constitution.

(3)  "Trust company" means the Texas Treasury Safekeeping Trust Company.

Sec. 34.0102.  FUND. (a) The fund is a special fund in the state treasury outside the general revenue fund to be administered and used by the commission for the purposes authorized by this chapter. The commission may establish separate accounts in the fund.

(b)  The fund and the fund's accounts are kept and held by the trust company for and in the name of the commission.

(c)  Money deposited to the credit of the fund may be used only as provided by this chapter.

(d)  The fund consists of:

(1)  money appropriated, credited, transferred, or deposited to the credit of the fund by or as authorized by law, including money from any source transferred or deposited to the credit of the fund at the commission's discretion;

(2)  revenue that the legislature by statute dedicates for deposit to the credit of the fund;

(3)  investment earnings and interest earned on money in the fund; and

(4)  gifts, grants, and donations contributed to the fund.

Sec. 34.0103.  LOANS FOR MAINTENANCE AND MODERNIZATION. (a) The commission may use money in the fund without further appropriation to provide loans to finance maintenance or modernization of dispatchable electric generating facilities operating in the ERCOT power region. For the purposes of this section, a generating facility is considered to be dispatchable if the facility's output can be controlled primarily by forces under human control.

(b)  The commission shall give priority to loan applications under this section that the commission determines will provide the highest ratio of dispatchable megawatts maintained to project costs.

(c)  The commission shall evaluate an application for a loan under this section based on the applicant's:

(1)  efforts and achievements in conserving resources;

(2)  quality of services;

(3)  efficiency of operations;

(4)  quality of management;

(5)  proposed improvement in availability of the generation facility for which the loan is requested; and

(6)  previous Texas energy fund loan history, with a preference toward entities that have not applied for or been granted a loan previously.

(d)  The commission may provide a loan under this section only for maintenance or modernization of a facility that has a generation capacity of at least 10 megawatts and is capable of operating for at least five years after the date the loan is received.

(e)  Proceeds of a loan received under this section may not be used for:

(1)  compliance with weatherization standards adopted before December 1, 2023;

(2)  debt payments; or

(3)  expenses not related to maintaining or modernizing the electric generating facility.

(f)  An electric utility may not receive a loan under this section.

(g)  The commission may require immediate repayment of a loan issued under this section if the recipient of the loan stops operating the facility for which the loan was received before the fifth anniversary of the date on which the loan was disbursed.

(h)  A loan provided under this section:

(1)  must have a term of five years; and

(2)  must bear an interest rate of zero percent.

(i)  Information submitted to the commission in an application for a loan under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

Sec. 34.0104.  LOANS FOR CONSTRUCTION. (a) The commission may use money in the fund without further appropriation to provide loans to finance the construction of dispatchable electric generating facilities providing power for the ERCOT power region. For the purposes of this section, a generating facility is considered to be dispatchable if the facility's output can be controlled primarily by forces under human control. An electric energy storage facility is not eligible for a loan under this section.

(b)  The commission may provide a loan under this section only:

(1)  for construction of a facility that will have a generation capacity of at least 10 megawatts the construction of which does not begin before September 1, 2023; and

(2)  in an amount that does not exceed 75 percent of the estimated cost of the facility to be constructed.

(c)  The commission shall evaluate an application for a loan under this section based on regional and reliability needs in the ERCOT power region and:

(1)  the applicant's:

(A)  efforts and achievements in conserving resources;

(B)  quality of services and management;

(C)  efficiency of operations;

(D)  history of electricity generation operations in this country; and

(E)  previous Texas energy fund loan history, with a preference toward entities that have not applied for or been granted a loan previously; and

(2)  the generation capacity and estimated construction costs of the facility for which the loan is requested.

(d)  Outstanding loans provided under this section may not support the construction of more than 10,000 megawatts of generation capacity.

(e)  An electric utility may not receive a loan under this section.

(f)  A loan provided under this section:

(1)  must have a term of 20 years; and

(2)  must bear an interest rate of zero percent.

(g)  The commission shall require each recipient of a loan under this section to deposit in an escrow account held by the comptroller an amount of money equal to five percent of the estimated cost of constructing the facility for which the loan is provided. The deposit must be made before the loan funds are disbursed. The loan recipient may not withdraw the deposit unless authorized by the commission. The commission:

(1)  shall authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region before the third anniversary of the date the loan funds were disbursed; or

(2)  after the third anniversary of the date the loan funds were disbursed, may authorize the loan recipient to withdraw the deposit from the escrow account if the facility for which the loan was provided is interconnected in the ERCOT power region not later than the fourth anniversary of the date the loan funds were disbursed and the commission determines that extenuating circumstances justify the delay in completion.

(h)  The comptroller shall deposit to the credit of the fund any escrow funds described by Subsection (g) that the commission may not authorize to be withdrawn by a loan recipient.

(i)  Information submitted to the commission in an application for a loan under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

(j)  This section expires September 1, 2050.

Sec. 34.0105.  COMPLETION BONUS. (a) The commission shall provide, using money available in the fund for the purpose without further appropriation, a completion bonus grant for the construction of dispatchable electric generating facilities in the ERCOT power region. For the purposes of this section, a generating facility is considered to be dispatchable if the facility's output can be controlled primarily by forces under human control. An electric energy storage facility is not eligible for a grant under this section.

(b)  The amount of a grant under this section must be based on the megawatts of capacity provided to the ERCOT power region by the facility.

(c)  The commission shall provide a grant under this section only for a facility the construction of which begins before December 1, 2024, and is interconnected in the ERCOT power region not later than:

(1)  the third anniversary of the date on which the construction began; or

(2)  the fourth anniversary of the date on which the construction began if the commission determines that extenuating circumstances justify the delay in completion.

(d)  Information submitted to the commission in an application for a grant under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

Sec. 34.0106.  MANAGEMENT AND INVESTMENT OF FUND. (a) The trust company shall hold the fund, and any accounts established in the fund, for and in the name of the commission, taking into account the purposes for which money in the fund may be used. The fund may be invested with the state treasury pool and comingled with other investments.

(b)  The overall objective for the investment of the fund is to maintain sufficient liquidity to meet the needs of the fund while striving to preserve the purchasing power of the fund.

(c)  In managing the assets of the fund, the trust company may acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(d)  The reasonable expenses of managing the fund's assets shall be paid from the fund.

(e)  The trust company annually shall provide a written report to the commission and to the advisory committee with respect to the investment of the fund.

(f)  The trust company shall adopt a written investment policy that is appropriate for the fund. The trust company shall present the investment policy to the investment advisory board established under Section 404.028, Government Code. The investment advisory board shall submit to the trust company recommendations regarding the policy.

(g)  The commission annually shall provide to the trust company a forecast of the cash flows into and out of the fund. The commission shall provide updates to the forecasts as appropriate to ensure that the trust company is able to achieve the objective specified by Subsection (b).

(h)  The trust company shall disburse money from the fund as directed by the commission.

Sec. 34.0107.  RECEIVERSHIP OF DEFAULT GENERATING FACILITY. (a) In this section, "default" means:

(1)  default in payment of the principal of or interest on a loan; or

(2)  a failure to perform any of the terms of a loan.

(b)  The state, including the commission, the advisory committee, and the trust company, may not retain an ownership interest in a project or facility for which a loan is provided under this chapter.

(c)  In the event of a default on a loan made under this chapter, at the request of the commission, the attorney general shall bring suit in a district court in Travis County for the appointment of a receiver to collect the assets and carry on the business of a loan recipient if the action is necessary to cure a default by the recipient.

(d)  The court shall vest a receiver appointed by the court with any power or duty the court finds necessary to cure the default, including the power or duty to:

(1)  perform audits;

(2)  direct ongoing operation of the assets;

(3)  fund reserve accounts;

(4)  make payments of the principal of or interest on bonds, securities, or other obligations; and

(5)  take any other action necessary to prevent or to remedy the default, including the sale of assets.

(e)  The receiver shall execute a bond in an amount to be set by the court to ensure the proper performance of the receiver's duties.

(f)  After appointment and execution of bond, the receiver shall take possession of the books, records, accounts, and assets of the defaulting loan recipient specified by the court. Until discharged by the court, the receiver shall perform the duties that the court directs and shall strictly observe the final order involved.

(g)  On a showing of good cause by the defaulting loan recipient, the court may dissolve the receivership.

Sec. 34.0108.  TEXAS ENERGY FUND ADVISORY COMMITTEE. (a) The advisory committee is composed of the following six members:

(1)  three members of the senate appointed by the lieutenant governor, including:

(A)  a member of the committee of the senate having primary jurisdiction over matters relating to the generation of electricity; and

(B)  a member of the committee of the senate having primary jurisdiction over finance; and

(2)  three members of the house of representatives appointed by the speaker of the house of representatives, including:

(A)  a member of the committee of the house of representatives having primary jurisdiction over the generation of electricity; and

(B)  a member of the committee of the house of representatives having primary jurisdiction over finance.

(b)  A member of the advisory committee serves at the will of the person who appointed the member.

(c)  The lieutenant governor shall appoint a co-presiding officer of the advisory committee from among the members appointed by the lieutenant governor. The speaker of the house of representatives shall appoint a co-presiding officer of the advisory committee from among the members appointed by the speaker.

(d)  The advisory committee may hold public hearings, formal meetings, and work sessions. Either co-presiding officer of the advisory committee may call a public hearing, formal meeting, or work session of the advisory committee at any time. The advisory committee may not take formal action at a public hearing, formal meeting, or work session unless a quorum of the committee is present.

(e)  Except as otherwise provided by this subsection, a member of the advisory committee is not entitled to receive compensation for service on the committee or reimbursement for expenses incurred in the performance of official duties as a member of the committee. Service on the advisory committee by a member of the senate or house of representatives is considered legislative service for which the member is entitled to reimbursement and other benefits in the same manner and to the same extent as for other legislative service.

(f)  The advisory committee:

(1)  may provide comments and recommendations to the commission for the commission to use in adopting rules regarding the use of the fund or on any other matter; and

(2)  shall review the overall operation, function, and structure of the fund at least semiannually.

(g)  The advisory committee may adopt rules, procedures, and policies as needed to administer this section and implement its responsibilities.

(h)  Chapter 2110, Government Code, does not apply to the size, composition, or duration of the advisory committee.

(i)  The advisory committee is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the advisory committee is abolished September 1, 2035.

Sec. 34.0109.  RULES. (a) The commission by rule may establish procedures for:

(1)  the application for and award of a loan under this chapter; and

(2)  the administration of the fund.

(b)  The commission shall give full consideration to comments and recommendations of the advisory committee before the commission adopts rules under this chapter.

SECTION 3.  Section 35.005, Utilities Code, is amended by adding Subsections (d), (e), and (f) to read as follows:

(d)  The independent organization certified under Section 39.151 for the ERCOT power region shall work with electric utilities to ensure that each facility for which a loan or grant is provided under Chapter 34 is fully interconnected in the ERCOT power region not later than the date the facility is ready for commercial operation. The independent organization certified under Section 39.151 for the ERCOT power region shall give priority to interconnecting each facility for which a loan or grant is provided under Chapter 34. An electric utility that enters into an interconnection agreement for a facility for which a loan or grant is provided under Chapter 34 shall give priority to interconnecting the facility and complete construction of any other facilities necessary to interconnect the facility not later than the date the facility is ready for commercial operation.

(e)  If the commission receives an application under Chapter 37 for a certificate of convenience and necessity related to facilities necessary to interconnect a facility for which a loan or grant is provided under Chapter 34 and does not approve the application before the 90th day after the date the commission received the application, the deadline established by Subsection (d) is extended one day for each day after the 90th day in which the commission does not approve the application.

(f)  The commission may extend the deadline established by Subsection (d) after notice, hearing, and a determination on a showing of good cause that fully interconnecting the facility before the deadline is not feasible.

SECTION 4.  Not later than December 31, 2023, the Public Utility Commission of Texas shall accept loan applications for loans authorized by Chapter 34, Utilities Code, as added by this Act, approve or deny each loan application, and disburse loan funds for each approved applicant.

SECTION 5.  This Act takes effect on the date on which the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, providing for the creation of the Texas energy fund and the authorization of other funding mechanisms to support the construction, maintenance, and modernization of electric generating facilities takes effect. If that amendment is not approved by the voters, this Act has no effect.