**BILL ANALYSIS**

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| Senate Research Center | S.B. 231 |
|  | By: King |
|  | Business & Commerce |
|  | 6/3/2025 |
|  | Enrolled |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

• The 87th Legislature passed H.B. 2483 in 2021 in response to outages caused by natural disasters such as tornadoes, hurricanes, and winter storms, which demonstrated the need for additional tools to help transmission and distribution utilities (TDUs) reduce the duration or impact of these outages.

• H.B. 2483 authorized TDUs to lease and operate facilities that provide temporary emergency electric energy (i.e., mobile generation) to aid in restoring power to the TDUs' distribution customers during widespread outages.

• The legislature learned that a TDU leased temporary emergency electric energy facilities that did not fit the spirit of the law established by H.B. 2483. These leased facilities were not mobile or multifunctional and could not be deployed during widespread outages following natural disasters.

• S.B. 231 clarifies that facilities leased by a TDU to provide temporary emergency electricity during a significant power outage must be mobile and have a maximum generation capacity of not more than five megawatts.

• S.B. 231 requires that a competitive bidding process always be used to lease these facilities rather than only when reasonably practicable.

• S.B. 231 requires that the Public Utility Commission (PUC) approve the lease in a rate proceeding, or a separate contested case hearing, or that the lease include a provision that allows for alteration of the lease based on PUC order or rule.

• If a TDU lacks leased generating capacity necessary to aid in restoring power to customers during a significant power outage, S.B. 231 allows that TDU to lease facilities without competitive bidding or prior PUC approval as long as the leased generating capacity does not significantly exceed the amount of megawatts necessary to restore electric service to the utility's customers. A TDU that enters such a lease must provide documentation to justify the amount of leased generating capacity during the first base rate proceeding after the date the lease begins.

Committee Substitute

• Specifies that a facility leased by a TDU to provide temporary emergency electricity during a significant power outage must be capable of being moved from its staged location in less than 12 hours.

• Aligns the proposed statute with PUC Rule 25.56 for "Temporary Emergency Electric Energy Facilities," which took effect on January 8, 2025.

• Removes Section 2 of the filed version of the bill, which allowed for disgorgement.

S.B. 231 amends current law relating to temporary emergency electric energy facilities.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 39.918, Utilities Code, by amending Subsections (d) and (f) and adding Subsections (f-1), (f-2), (f-3), and (f-4), as follows:

(d) Provides that a facility, rather than facilities, described by Subsection (b)(1) (relating to a transmission and distribution utility's authority to lease and operate facilities that provide temporary emergency electric energy to aid in restoring power during a significant power outage under certain conditions):

(1)-(2) makes nonsubstantive changes to these subdivisions;

(3) is required to be mobile, capable of being moved from its staged location in less than 12 hours, and capable of generating electric energy within three hours of being connected to a demand source; and

(4) is required to have a maximum generation capacity of not more than five megawatts.

(f) Requires a transmission and distribution utility to use, rather than to use when reasonably practicable, a competitive bidding process to lease facilities under Subsection (b)(1).

(f-1) Prohibits a transmission and distribution utility from entering into a lease under Subsection (b)(1) unless:

(1) the Public Utility Commission of Texas (PUC) first, in a rate proceeding or a separate contested case hearing, authorizes the total generating capacity the utility is authorized to lease and the functions for which the utility is authorized to lease facilities and the generation capacity the utility is authorized to lease for each function; or

(2) the lease includes a provision that allows alteration of the lease based on PUC order or rule.

(f-2) Authorizes the PUC to limit the period during which an authorization issued under Subsection (f-1) is valid.

(f-3) Authorizes a transmission and distribution utility, notwithstanding Subsections (f) and (f-1)(1), to enter into a lease under Subsection (b)(1) without competitive bidding or prior PUC approval if the transmission and distribution utility lacks the leased generating capacity necessary to aid in restoring power to the utility's customers during a significant power outage, the amount of leased generating capacity does not significantly exceed the amount of megawatts necessary to restore electric service to the utility's customers during a significant power outage, and the term of the lease does not significantly exceed the time period that is required to restore electric service to the utility's customers during a significant power outage.

(f-4) Requires a transmission and distribution utility that enters into a lease in the manner provided by Subsection (f-3) to provide documentation to justify the amount of leased generating capacity during the first base rate proceeding after the date the lease begins.

SECTION 2. Makes application Section 39.918(d), Utilities Code, prospective.

SECTION 3. Effective date: upon passage or September 1, 2025.