**BILL ANALYSIS**

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| Senate Research Center | S.B. 231 |
| 89R6242 CS-D | By: King |
|  | Business & Commerce |
|  | 4/1/2025 |
|  | As Filed |

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

The 87th Legislature passed H.B. 2483 in 2021 in response to outages caused by natural disasters, which demonstrated the need for additional tools to help transmission and distribution utilities (TDUs) reduce the duration and 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.

S.B. 231 amends the current statute to clarify what type of facilities may be leased by a TDU to provide temporary emergency electricity during a significant power outage. Notably, the bill clarifies that these facilities must be mobile and have a maximum generation capacity of not more than five megawatts.

As proposed, S.B. 231 amends current law relating to temporary emergency 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), and (f-3), 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 without a permit required for superheavy, oversized, overweight, or overlength equipment, commodities, or vehicles under Subtitle E (Vehicle Size and Weight), Title 7, Transportation Code, 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 approves the lease in a rate proceeding or a separate contested case hearing; or

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

(f-2) 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 and 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.

(f-3) Requires a transmission and distribution utility that enters into a lease in the manner provided by Subsection (f-2) 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. (a) Requires the PUC, not later than the 30th day after the effective date of this Act, to initiate a proceeding under Chapter 36 (Rates), Utilities Code, to review the rates of a transmission and distribution utility, including the rate of return on investment established in the PUC's final order in the utility's most recent base rate proceeding, that leased a facility to provide temporary emergency electric energy under Section 39.918 (Utility Facilities for Power Restoration After Significant Power Outage), Utilities Code, before the effective date of this Act and did not deploy the facility to provide emergency electric energy to the utility's customers during a significant power outage that occurred during a major disaster declared by the president of the United States under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Section 5121 et seq.) in 2024.

(b) Requires the PUC, if, during the proceeding initiated under Subsection (a) of this section, the PUC determines that any rate charged or cost incurred by the transmission and distribution utility is unreasonable or not prudent based on a failure to deploy a leased facility as described by Subsection (a) of this section or based on any other factor, to revise the utility's rate of return on investment accordingly or order the utility to refund to customers any amount improperly recovered.

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