

BILL ANALYSIS

Senate Research Center
89R33353 SCR-D

C.S.H.B. 14
By: Harris (Schwertner)
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas is synonymous with power production and generates more electricity than any other state. With its abundant natural resources and business-friendly environment, Texas is an ideal hub for investments in emerging technologies that can deliver dispatchable power. As aging power plants retire and electricity demand continues to rise, accelerating the development of innovative energy solutions has become increasingly relevant.

Advancements in nuclear energy, in particular, offer promising opportunities for delivering clean, firm, and dispatchable power, which is essential to long-term grid reliability and economic growth in Texas. However, the path to deploying new nuclear technologies is slowed by regulatory processes and high upfront costs.

H.B. 14 would create the Texas Advanced Nuclear Energy Office in the Office of the Governor and define the office's role in planning, coordinating, promoting, and providing other supports to develop the nuclear energy industry in Texas. The bill would create the Texas Advanced Nuclear Development Fund and Completion Grant Program, administered by the Office of the Governor, to support reimbursement-based grants for the development and construction of nuclear projects. H.B. 14 also establishes a workforce development program.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 14 amends current law relating to support for the development of the nuclear energy industry.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Advanced Nuclear Energy Office in SECTION 1 (Sections 483.101, 483.203, 483.204, and 483.205, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle F, Title 4, Government Code, by adding Chapter 483, as follows:

CHAPTER 483. TEXAS ADVANCED NUCLEAR ENERGY OFFICE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 483.001. DEFINITIONS. Defines "advanced nuclear project," "advanced nuclear reactor," "construction permit," "director," "license," "office," "regulatory commission," and "utility commission."

Sec. 483.002. EXPIRATION. Provides that this chapter expires September 1, 2040.

SUBCHAPTER B. TEXAS ADVANCED NUCLEAR ENERGY OFFICE

Sec. 483.101. ESTABLISHMENT AND PURPOSE OF OFFICE. (a) Provides that the Texas Advanced Nuclear Energy Office (office) is an office within the office of the governor.

(b) Sets forth the purposes of the office.

(c) Authorizes the office, subject to Subsection (d), to solicit and accept gifts, grants, or loans from and contract with any entity, establish ad hoc advisory committees as necessary to carry out the office's duties under this chapter, and exercise any other power necessary to carry out this chapter.

(d) Prohibits the office from accepting a gift, grant, or loan from or contract with an applicant for or a beneficiary of a grant provided under Subchapter C.

(e) Authorizes the office to adopt and enforce rules necessary to carry out this chapter.

(f) Requires the office and the Public Utility Commission (PUC), with the assistance of any other state entity the office or the PUC determines is necessary, to conduct a study to identify necessary state regulatory functions related to nuclear energy generation facilities in this state. Requires the office to submit the study to the legislature not later than December 1, 2026. Provides that this subsection expires August 31, 2027.

Sec. 483.102. DIRECTOR; DUTIES. (a) Requires the governor to employ a director of the office (director). Provides that the director serves at the pleasure of the governor.

(b) Requires the director to have demonstrated experience in the field of advanced nuclear energy and executive and organizational ability.

(c) Prohibits the director from having any direct or indirect interests that substantially conflict with the director's duties.

(d) Requires the director to manage the affairs of the office; advise the PUC on the provision of grants from the Texas energy fund under Chapter 34 (Facility Funding), Utilities Code, for nuclear energy generation facilities; administer programs established by this chapter; establish appropriate milestones and standards to ensure proper use of money under this chapter; and facilitate the location, expansion, and retention of advanced nuclear reactors and advanced nuclear projects in this state.

(e) Authorizes the director to hire staff as necessary to implement the duties of the office under this chapter.

Sec. 483.103. STRATEGIC PLAN. Requires the director, not later than December 1 of each even-numbered year, to submit to the governor and Legislative Budget Board a strategic plan for furthering the goals, purposes, and objectives established by this chapter.

Sec. 483.104. NUCLEAR PERMITTING COORDINATOR. (a) Authorizes the director to employ a nuclear permitting coordinator to assist businesses throughout the nuclear energy permitting and regulatory process.

(b) Requires a nuclear permitting coordinator to have a demonstrated familiarity with the permitting and regulatory process in this state and a network of contacts within the government of this state.

(c) Requires the nuclear permitting coordinator to take certain actions.

(d) Requires the nuclear permitting coordinator to make any assistance provided under this section equally available to all businesses engaged in the nuclear energy permitting and regulatory process.

(e) Requires the nuclear permitting coordinator to document all activities carried out in the provision of assistance under this section and make that information available to the public on request.

SUBCHAPTER C. TEXAS ADVANCED NUCLEAR DEVELOPMENT FUND; GRANT PROGRAMS

Sec. 483.201. TEXAS ADVANCED NUCLEAR DEVELOPMENT FUND. (a) Provides that the Texas advanced nuclear development fund (fund) is created as a dedicated account in the general revenue fund. Provides that the fund consists of, subject to Section 483.101(d), gifts, grants, or donations to the fund and money from any other source designated by the legislature.

(b) Authorizes the office to use money in the fund to provide reimbursement-based grants to businesses, nonprofit organizations, and governmental entities, including institutions of higher education, through the programs established in this subchapter and to pay for reasonable and necessary costs for staff support necessary to facilitate the work of the office.

Sec. 483.202. REIMBURSEMENT GRANT PROGRAMS ESTABLISHED. (a) Provides that the office is required to establish grant programs under this subchapter and the director is required to administer those programs.

(b) Provides that the office is authorized to provide a grant under this subchapter only to reimburse expenses paid by a recipient using the recipient's or the recipient's project partner's own funds. Provides that an applicant for a grant under this subchapter may have received financial assistance or incentives from a local, state, or federal source, but the office is prohibited from providing a grant under this subchapter to reimburse expenses paid by a recipient or the recipient's project partner using financial assistance or incentives from the local, state, or federal source. Requires an applicant to provide the office with detailed information regarding any financial assistance or incentives requested or received for the project for which it is requesting grant funds.

(c) Requires the office to submit to the lieutenant governor and the speaker of the house of representatives a notice of each grant the office proposes to approve. Prohibits the office from approving the grant if both those officers submit a written communication to the office disapproving the grant on or before the 30th day after the date the office submits the notice of the proposed grant to those officers. Authorizes the lieutenant governor or speaker of the house of representatives to extend the review deadline for an additional 14 days by submitting a written notice to that effect to the office before the expiration of the initial review period.

(d) Requires the office, before awarding a grant under this subchapter, to enter into a written agreement with the grant recipient. Requires that a written agreement under this subsection specify benchmarks and milestones for the completion of the project for which the grant is provided and require the grant recipient to repay to the state money received if the recipient fails to reach the specified benchmarks.

(e) Prohibits the office during a state fiscal biennium from awarding out of money appropriated for grants under this subchapter a total amount greater than: for grants provided under Section 483.203, 20 percent of the appropriated money; and for grants provided under Section 483.204, 80 percent of the appropriated money.

Sec. 483.203. PROJECT DEVELOPMENT AND SUPPLY CHAIN REIMBURSEMENT PROGRAM. (a) Authorizes the office to provide a reimbursement

grant from the fund under this section for the expenses associated with or required for initial development of an advanced nuclear reactor project in this state.

(b) Provides that expenses that qualify for reimbursement under this section are limited to expenses attributable or allocable to certain purposes.

(c) Requires an applicant, to be eligible for a reimbursement grant under this section, to provide with an application proof of incurred expenses described by Subsection (b).

(d) Prohibits a grant provided under this section from exceeding the lesser of 50 percent of the amount of qualifying expenses associated with the project or \$12.5 million.

(e) Requires the office by rule to establish procedures for the application for and provision of a grant under this section.

Sec. 483.204. **ADVANCED NUCLEAR CONSTRUCTION REIMBURSEMENT PROGRAM.** (a) Authorizes the office to provide a reimbursement grant from the fund under this section for expenses associated with the construction of an advanced nuclear reactor project in this state.

(b) Provides that expenses that qualify for reimbursement under this section are limited to expenses associated with the United States Nuclear Regulatory Commission's (regulatory commission) review of the construction permit or license application; procurement and development of long-lead components; or construction activities, including the manufacture, fabrication, quality assurance, placement, erection, installation, modification, inspection, or testing of an advanced nuclear reactor project.

(c) Requires an applicant, to be eligible for a reimbursement grant under this section, to provide with an application proof of incurred expenses described by Subsection (b).

(d) Prohibits a grant provided under this section from exceeding the lesser of 50 percent of the amount of qualifying expenses associated with the project or \$100 million.

(e) Requires the office by rule to establish procedures for the application for and provision of a grant under this section.

(f) Prohibits the office from providing a reimbursement grant for a project under this section until the regulatory commission has docketed a construction permit or license application for the project.

(g) Requires the office by rule to establish a process to distribute the proceeds of each grant awarded under this section to the grant recipient on a rolling basis for qualifying expenses. Requires that the process include milestones associated with the regulatory commission's permitting process and the recipient's financial investment decisions relating to the project.

Sec. 483.205. **COMPLETION BONUS GRANT PROGRAM FOR GRID-CAPABLE REACTORS.** (a) Authorizes the office to provide a grant under this subchapter for the costs associated with the completion and operation of an advanced nuclear reactor in this state that is capable of interconnection with the Electric Reliability Council of Texas (ERCOT) power grid.

(b) Requires the office, in consultation with the PUC, by rule to establish the amount of a grant the office will provide under this section on a per megawatt basis according to the generation capacity of the advanced nuclear reactor.

(c) Requires the office, in consultation with the PUC, by rule to establish procedures for the application for and award of a grant under this section, the administration of the grant program, and providing grants according to a tiered system based on the amount of electricity in megawatts provided to the ERCOT power grid by an advanced nuclear reactor.

Sec. 483.206. GRANT APPLICATION EVALUATION. Requires the office to evaluate an application for a grant under this subchapter based on certain factors.

Sec. 483.207. CONFIDENTIALITY. Provides that information submitted to the office in an application for a grant under this subchapter is confidential and not subject to disclosure under Chapter 552 (Public Information).

SECTION 2. Provides that the office of the governor is required to implement the changes in law made by this Act only if the legislature appropriates money specifically for that purpose. Provides that, if the legislature does not appropriate money specifically for that purpose, the office of the governor is authorized to, but is not required to, implement those changes in law using other appropriations available for that purpose.

SECTION 3. Effective date: September 1, 2025.