

BILL ANALYSIS

S.B. 231
By: King
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2021, the 87th Legislature passed H.B. 2483 in response to outages caused by natural disasters, which authorized transmission and distribution utilities (TDUs) to lease and operate facilities that provide temporary emergency electric energy or mobile generation to aid in restoring power to TDUs' distribution customers during widespread outages. The bill sponsor has informed the committee of the need for additional tools to help TDUs reduce the duration and impact of these outages. S.B. 231 seeks to clarify the types of facilities that a TDU may lease to provide temporary emergency electricity during a significant power outage by requiring facilities to be mobile and have a maximum generation capacity of not more than five megawatts.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 231 amends the Utilities Code to require a facility leased and operated by a transmission and distribution utility that provides temporary emergency electric energy to aid in restoring power to the utility's distribution customers during a significant power outage in which the independent system operator has ordered the utility to shed load, or in which the utility's distribution facilities are not being fully served by the bulk power system under normal operations, to meet the following criteria in addition to other criteria specified in statute:

- be mobile;
- be capable of being moved from its staged location in less than 12 hours;
- be capable of generating electric energy within three hours after being connected to a demand source; and
- have a maximum generation capacity of not more than five megawatts.

The bill, with respect to the requirement for a transmission and distribution utility to use a competitive bidding process to lease those facilities when reasonably practicable, removes the specification that such a utility do so when reasonably practicable.

S.B. 231 authorizes a transmission and distribution utility to enter into such a lease only if either of the following conditions are met:

- 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 may lease; and

- the functions for which the utility may lease facilities and the generation capacity the utility may lease for each function; or
- the lease includes a provision that allows alteration of the lease based on PUC order or rule.

The bill authorizes the PUC to limit the period during which an authorization issued under these provisions is valid.

S.B. 231 authorizes a transmission and distribution utility to enter into such a lease without competitive bidding or prior approval from the PUC if the following conditions are met:

- 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.

The bill requires a transmission and distribution utility that enters into a lease in that manner to provide documentation to justify the amount of leased generating capacity during the first base rate proceeding after the date the lease begins.

S.B. 231 applies only to a temporary emergency electric energy facility leased by a transmission and distribution utility on or after the bill's effective date. A temporary emergency electric energy facility that was leased by a transmission and distribution utility before the bill's effective date is governed by the law in effect at the time the lease was executed, and the former law is continued in effect for that purpose.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.