

BILL ANALYSIS

Senate Research Center
89R9041 ANG-D

S.B. 2148
By: Hall
Business & Commerce
3/28/2025
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there are no state regulations to ensure providers of transmission and distribution service or electric generation service, including municipally owned utilities and electric cooperatives, are prepared to mitigate or respond to a threat of an attack or an actual physical attack on critical facilities within these companies.

Recent events across the nation, including natural disasters and sabotage, have exposed how vulnerable large transformers, for instance, are to damage and destruction from a variety of easy-to-deploy means. These important assets are located at critical substations which are often unguarded, remotely located, and vulnerable to physical sabotage. Furthermore, only the companies themselves know where these critical facilities are in their system.

While companies prioritize safeguarding their critical facilities, there is no requirement for them to identify duties and responsibilities of certain personnel nor is there a requirement to coordinate with the appropriate state entities and local law enforcement resources to plan how best to prevent or quickly respond to physical attacks to critical substations.

This Bill Would:

- Define a critical facility as a transmission substation and any associated control center that, if rendered inoperable or damaged because of a physical attack, could cause widespread instability, uncontrolled separation, or cascading outages within an interconnection;
- Require the Public Utility Commission of Texas (PUC) and the Electric Reliability Council of Texas (ERCOT) to conduct simulated or tabletop exercises twice a year with electric generation service and transmission and distribution services in the ERCOT power region to mitigate and prepare for a threat of an attack or actual physical attack on a critical facility;
- Require a simulated or tabletop exercise to identify the roles and responsibilities of transmission and distribution service providers, electric generation service providers, law enforcement, ERCOT, and the PUC in the event of a threat of an attack or an actual physical attack on a critical facility;
- Not require a company to disclose specific locations of critical substations to the PUC or ERCOT; and
- Require that the first tabletop exercise occur before December 1, 2026.

As proposed, S.B. 2148 amends current law relating to the reliability of the electricity supply chain.

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 38.077, Utilities Code, as follows:

Sec. 38.077. New heading: RELIABILITY EXERCISES. (a) Defines "critical facility."

(b) Creates this subsection from existing text. Requires the Public Utility Commission of Texas (PUC) and the independent organization certified for the ERCOT power region under Section 39.151 (Essential Organizations) (independent organization) to conduct simulated or tabletop load shedding exercises with providers of electric generation service and transmission and distribution service in the ERCOT power region. Requires the PUC to ensure that each year at least one simulated or tabletop load shedding exercise is conducted during a winter month. Makes a nonsubstantive change.

(c) Requires the PUC and the independent organization to conduct simulated or tabletop exercises with providers of electric generation service and transmission and distribution service in the ERCOT power region to mitigate and prepare for a threat of an attack or an actual physical attack on a critical facility. Provides that the exercises required by this subsection are in addition to the exercises required by Subsection (b) and any requirements of the North American Electric Reliability Corporation Critical Infrastructure Protection plan standards. Requires the PUC and the independent organization to conduct the exercises under this subsection at least once every two years.

(d) Requires that a simulated or tabletop exercise conducted under Subsection (c) identify the roles and responsibilities of certain entities in the event of an attack or an actual physical attack on a critical facility.

(e) Provides that a transmission and distribution service provider is not required to disclose the specific location of the provider's critical substations to the PUC or the independent organization for the purposes of a simulated or tabletop exercise conducted under Subsection (c).

(f) Requires each provider of electric generation service and of transmission and distribution service that participates in a simulated or tabletop exercise conducted under Subsection (c) to provide to the independent organization a written attestation that the provider has coordinated with law enforcement when identifying roles and responsibilities under Subsection (d).

SECTION 2. Requires the PUC and the independent organization, not later than December 31, 2026, to conduct a simulated or tabletop exercise with each provider of electric generation service and of transmission and distribution service as required by Section 38.077(c), Utilities Code, as added by this Act.

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