

## **BILL ANALYSIS**

Senate Research Center

S.B. 2268  
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Business & Commerce  
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Enrolled

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

S.B. 2627, enacted by the 88th Legislature, created the Texas Energy Fund (TEF) to support the development of new dispatchable generation in Texas. Pursuant to the provisions of the TEF InERCOT loan program, the Public Utility Commission of Texas (PUC) is directed to identify eligible projects for loan consideration, execute loan agreements with qualified applicants, and ensure the initial disbursement of loan funds to awardees by December 31, 2025.

Since the initiation of the TEF In-ERCOT loan program, unforeseen market-related challenges, such as supply chain disruptions and permitting delays, have impacted the timelines of several otherwise qualified projects. As a result, some applicants have expressed concern regarding their ability to meet the statutory deadline for the initial loan disbursement.

S.B. 2268 seeks to address these concerns by giving the PUC discretion to disburse initial TEF loan funds after December 31, 2025, on a case-by-case basis, where market factors constitute justification for extending the deadline. S.B. 2268 would provide a necessary degree of flexibility in the administration of the TEF loan program, ensuring that qualified applicants adversely affected by market factors beyond their control remain eligible to participate.

S.B. 2268 amends current law relating to loans and grants awarded from the Texas energy fund.

### **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 34.0103(c), Utilities Code, to provide that information submitted to the Public Utility Commission of Texas (PUC) at any time for the purpose of enabling the PUC to make a determination on the award of, rather than in an application for, a grant under Section 34.0103 (Grants for Facilities Outside ERCOT Power Region) is confidential and not subject to disclosure under Chapter 552 (Public Information), Government Code.

SECTION 2. Amends Section 34.0104, Utilities Code, by adding Subsection (b-1) and amending Subsections (d), (k), and (l), as follows:

(b-1) Provides that, notwithstanding Subsection (b)(3) (relating to authorizing the PUC to provide a construction loan if the agreement ensures that the loan is to be the senior debt secured by the facility):

(1) a construction loan provided to a municipally owned utility, or an instrumentality of a municipal corporation established for the benefit of a municipally owned utility, is authorized to be in the form of a public security, as defined by Section 1201.002 (Definitions), Government Code, issued by the loan applicant if the public security is payable on a parity basis with other debt of the loan applicant secured by a senior lien on net revenues of the facility or the loan applicant's utility system; and

(2) a construction loan provided to an electric cooperative is authorized to be secured by a senior lien on substantially all electric system assets of the electric cooperative, including the facility for which the loan is provided, payable on a parity basis with other debt of the loan applicant secured by a senior lien.

(d) Deletes existing text prohibiting grants provided under Section 34.0105 (Completion Bonus Grants), considered together with outstanding loans provided under Section 34.0104 (Loans for ERCOT Power Region), from supporting the addition or construction of more than 10,000 megawatts of generation capacity.

(k) Provides that information submitted to the PUC at any time for the purpose of enabling the PUC to make a determination on the award of, rather than in an application for, a loan under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

(l) Authorizes the PUC to disburse, rather than prohibits the PUC from dispersing, the initial funds for a loan under this section after December 31, 2025, if the PUC determines that market factors necessitate an extension of the deadline for disbursement of initial funds. Authorizes an applicant to request disbursement of initial funds after December 31, 2025. Requires the PUC to approve or deny the request on a case-by-case basis.

SECTION 3. Amends Section 34.0105, Utilities Code, by adding Subsection (d-1) and amending Subsection (e), as follows:

(d-1) Prohibits grants provided under this section from supporting the construction of more than 10,000 megawatts of generation capacity.

(e) Provides that information submitted to the PUC at any time for the purpose of enabling the PUC to make a determination on the award of, rather than in an application for, a loan under this section is confidential and not subject to disclosure under Chapter 552, Government Code.

SECTION 4. Amends Section 34.0205, Utilities Code, by adding Subsection (f) to provide that information submitted to the PUC at any time for the purpose of enabling the PUC to make a determination on the award of a grant or loan under Subchapter B (Texas Power Promise: Backup Power Packages) is confidential and not subject to disclosure under Chapter 552, Government Code.

SECTION 5. Provides that Section 34.0104(b-1), Utilities Code, as added by this Act, applies to a loan the application for which was submitted under Section 34.0104, Utilities Code, to the PUC before the effective date of this Act if the application is pending before the PUC on the effective date of this Act.

SECTION 6. Effective date: upon passage or September 1, 2025.