

AN ACT

relating to the inclusion of certain provisions in lease agreements for wind or solar power facilities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 301.0001, Utilities Code, is amended by adding Subdivision (1-a) and amending Subdivision (2) to read as follows:

(1-a) "Recycle" means the processing of an item to recover a usable product.

(2) "Wind power facility" includes:

(A) a wind turbine generator and any related components of the wind turbine, including a nacelle, a rotor hub, blades, and a gearbox assembly; and

(B) a facility or equipment used to support the operation of a wind turbine generator, including an underground or aboveground electrical transmission or communications line, an electric transformer, a battery energy storage facility or other~~er~~
~~an~~ energy storage facility, telecommunications equipment, a road, a meteorological tower with wind measurement equipment, or a maintenance yard.

SECTION 2. Section 301.0003, Utilities Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) A wind power facility agreement must provide that the grantee is responsible for:

1 (1) collecting and reusing or recycling, or shipping
2 for reuse or recycling, all components of the wind power facility
3 practicably capable of being reused or recycled, including the wind
4 turbine blades, in accordance with any other applicable laws or
5 regulations; and

6 (2) disposing of all components of the wind power
7 facility not practicably capable of being reused or recycled:

8 (A) at a facility authorized under state and
9 federal law to dispose of hazardous substances for a component
10 considered hazardous under those laws; or

11 (B) for nonhazardous components, at a municipal
12 solid waste landfill or other appropriate waste disposal facility
13 authorized under state and federal law to dispose of that type of
14 component.

15 SECTION 3. Sections 301.0004(a), (b), (c), and (d),
16 Utilities Code, are amended to read as follows:

17 (a) A wind power facility agreement must provide that the
18 grantee shall obtain and deliver to the landowner evidence of
19 financial assurance that conforms to the requirements of this
20 section to secure the performance of the grantee's obligations
21 under [~~obligation to remove the grantee's wind power facilities~~
22 ~~located on the landowner's property as described by~~] Section
23 301.0003. Acceptable forms of financial assurance include a parent
24 company guaranty with a minimum investment grade credit rating for
25 the parent company issued by a major domestic credit rating agency,
26 a letter of credit, a bond, or another form of financial assurance
27 acceptable to the landowner.

1 (b) The amount of the financial assurance must be at least
2 equal to the estimated amount by which the cost of removing the wind
3 power facilities from the landowner's property, recycling or
4 disposing of all the components of the wind power facilities, and
5 restoring the property to as near as reasonably possible the
6 condition of the property as of the date the agreement begins
7 exceeds the salvage value of the wind power facilities, less any
8 portion of the value of the wind power facilities pledged to secure
9 outstanding debt.

10 (c) The agreement must provide that:

11 (1) the estimated cost of removing the wind power
12 facilities from the landowner's property, recycling or disposing of
13 all the components of the wind power facilities, and restoring the
14 property to as near as reasonably possible the condition of the
15 property as of the date the agreement begins and the estimated
16 salvage value of the wind power facilities must be determined by an
17 independent, third-party professional engineer licensed in this
18 state;

19 (2) the grantee must deliver to the landowner an
20 updated estimate, prepared by an independent, third-party
21 professional engineer licensed in this state, of the cost of
22 removal and recycling or disposal of the wind power facilities and
23 the salvage value at least once every five years for the remainder
24 of the term of the agreement; and

25 (3) the grantee is responsible for ensuring that the
26 amount of the financial assurance remains sufficient to cover the
27 amount required by Subsection (b), consistent with the estimates

1 required by this subsection.

2 (d) The grantee is responsible for the costs of obtaining
3 financial assurance described by this section and costs of
4 determining the estimated removal, recycling, and disposal costs
5 and salvage value.

6 SECTION 4. Section 302.0001, Utilities Code, is amended by
7 adding Subdivision (1-a) and amending Subdivision (3) to read as
8 follows:

9 (1-a) "Recycle" means the processing of an item to
10 recover a usable product.

11 (3) "Solar power facility" includes:

12 (A) a solar energy device; and

13 (B) a facility or equipment, other than a
14 facility or equipment owned by an electric utility, as defined by
15 Section 31.002, used to support the operation of a solar energy
16 device, including an underground or aboveground electrical
17 transmission or communications line, an electric transformer, a
18 battery energy storage facility or other~~[, an]~~ energy storage
19 facility, telecommunications equipment, a road, a meteorological
20 tower, or a maintenance yard.

21 SECTION 5. Section 302.0004, Utilities Code, is amended by
22 adding Subsection (a-1) to read as follows:

23 (a-1) A solar power facility agreement must provide that the
24 grantee is responsible for:

25 (1) collecting and reusing or recycling, or shipping
26 for reuse or recycling, all components of the solar power facility
27 practicably capable of being reused or recycled, including the

1 photovoltaic modules, in accordance with any other applicable laws
2 or regulations; and

3 (2) disposing of all components of the solar power
4 facility not practicably capable of being reused or recycled:

5 (A) at a facility authorized under state and
6 federal law to dispose of hazardous substances for a component
7 considered hazardous under those laws; or

8 (B) for nonhazardous components, at a municipal
9 solid waste landfill or other appropriate waste disposal facility
10 authorized under state and federal law to dispose of that type of
11 component.

12 SECTION 6. Sections 302.0005(a), (b), (c), and (d),
13 Utilities Code, are amended to read as follows:

14 (a) A solar power facility agreement must provide that the
15 grantee shall obtain and deliver to the landowner evidence of
16 financial assurance that conforms to the requirements of this
17 section to secure the performance of the grantee's obligations
18 under ~~[obligation to remove the grantee's solar power facilities~~
19 ~~located on the landowner's property as described by]~~ Section
20 302.0004. Acceptable forms of financial assurance include a parent
21 company guaranty with a minimum investment grade credit rating for
22 the parent company issued by a major domestic credit rating agency,
23 a letter of credit, a bond, or another form of financial assurance
24 reasonably acceptable to the landowner.

25 (b) The amount of the financial assurance must be at least
26 equal to the estimated amount by which the cost of removing the
27 solar power facilities from the landowner's property, recycling or

1 disposing of all the components of the solar power facilities, and
2 restoring the property to as near as reasonably possible the
3 condition of the property as of the date the agreement begins
4 exceeds the salvage value of the solar power facilities, less any
5 portion of the value of the solar power facilities pledged to secure
6 outstanding debt.

7 (c) The agreement must provide that:

8 (1) the estimated cost of removing the solar power
9 facilities from the landowner's property, recycling or disposing of
10 all the components of the solar power facilities, and restoring the
11 property to as near as reasonably possible the condition of the
12 property as of the date the agreement begins and the estimated
13 salvage value of the solar power facilities must be determined by an
14 independent, third-party professional engineer licensed in this
15 state;

16 (2) the grantee must deliver to the landowner an
17 updated estimate, prepared by an independent, third-party
18 professional engineer licensed in this state, of the cost of
19 removal and recycling or disposal of the solar power facilities and
20 the salvage value:

21 (A) on or before the 10th anniversary of the
22 commercial operations date of the solar power facilities; and

23 (B) at least once every five years after the
24 commercial operations date of the solar power facilities for the
25 remainder of the term of the agreement; and

26 (3) the grantee is responsible for ensuring that the
27 amount of the financial assurance remains sufficient to cover the

1 amount required by Subsection (b), consistent with the estimates
2 required by this subsection.

3 (d) The grantee is responsible for the costs of obtaining
4 financial assurance described by this section and costs of
5 determining the estimated removal, recycling, and disposal costs
6 and salvage value.

7 SECTION 7. Chapters 301 and 302, Utilities Code, as amended
8 by this Act, apply only to a wind or solar power facility agreement
9 entered into on or after the effective date of this Act. A wind or
10 solar power facility agreement entered into before the effective
11 date of this Act is governed by the law as it existed immediately
12 before that date, and that law is continued in effect for that
13 purpose.

14 SECTION 8. This Act takes effect September 1, 2025.

H.B. No. 3228

President of the Senate

Speaker of the House

I certify that H.B. No. 3228 was passed by the House on April 25, 2025, by the following vote: Yeas 120, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3228 on May 23, 2025, by the following vote: Yeas 137, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3228 was passed by the Senate, with amendments, on May 19, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor