

AN ACT

relating to the removal of battery energy storage facilities.

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

SECTION 1. Title 6, Utilities Code, is amended by adding Chapter 303 to read as follows:

CHAPTER 303. BATTERY ENERGY STORAGE FACILITY AGREEMENTS

Sec. 303.0001. DEFINITIONS. In this chapter:

(1) "Battery energy storage facility" includes:

(A) a battery energy storage resource; and

(B) any facility or equipment necessary to support the operation of a battery energy storage resource, other than a facility or equipment owned by an electric utility, as defined by Section 31.002.

(2) "Battery energy storage facility agreement" means a lease agreement between a grantee and a landowner that authorizes the grantee to operate a battery energy storage facility on the leased property.

(3) "Battery energy storage resource" means an electrochemical device, whether connected at the transmission or distribution level, with a capacity of one megawatt hour or greater that charges from the grid or a colocated generation resource and discharges that energy at a later time.

(4) "Battery operation date" means the date on which a battery energy storage resource is first used for its intended

1 purpose.

2 (5) "Grantee" means a person, other than an electric
3 utility as defined by Section 31.002, who:

4 (A) leases property from a landowner; and

5 (B) operates a battery energy storage facility on
6 the property.

7 (6) "Recycle" means the processing, including
8 disassembling, dismantling, and shredding of battery energy
9 storage cells, modules or other equipment, or their components, to
10 recover a usable product.

11 Sec. 303.0002. APPLICABILITY. Except as provided by
12 Section 303.0004(c), this chapter applies only to an agreement that
13 authorizes a grantee to operate a battery energy storage facility
14 that is not subject to Chapter 301 or 302.

15 Sec. 303.0003. WAIVER VOID; REMEDIES. (a) A provision of a
16 battery energy storage facility agreement that purports to waive a
17 right or exempt a grantee from a liability or duty established by
18 this chapter is void.

19 (b) A person who is harmed by a violation of this chapter is
20 entitled to appropriate injunctive relief to prevent further
21 violation of this chapter.

22 (c) The provisions of this section are not exclusive. The
23 remedies provided in this section are in addition to any other
24 procedures or remedies provided by other law.

25 Sec. 303.0004. REQUIRED AGREEMENT PROVISIONS ON FACILITY
26 REMOVAL. (a) A battery energy storage facility agreement must
27 provide that the grantee is responsible for removing the battery

energy storage facility from the landowner's property and that the grantee shall, in accordance with any other applicable laws or regulations, safely:

(1) clear, clean, and remove from the property each battery energy storage resource, transformer, and substation installed and owned by the grantee;

(2) for each foundation installed in the ground for a battery energy storage resource, transformer, or substation installed and owned by the grantee:

(A) clear, clean, and remove the foundation from the ground to a depth of at least three feet below the surface grade of the land in which the foundation is installed; and

(B) ensure that each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property;

(3) for each buried cable, including power, fiber-optic, and communications cables, installed and owned by the grantee:

(A) clear, clean, and remove the cable from the ground to a depth of at least three feet below the surface grade of the land in which the cable is installed; and

(B) ensure that each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property; and

(4) clear, clean, and remove from the property each overhead power or communications line installed and owned by the grantee on the property.

1 (b) The agreement must provide that the grantee is
2 responsible for:

3 (1) collecting and reusing or recycling, or shipping
4 for reuse or recycling, all components of the battery energy
5 storage facility practicably capable of being reused or recycled,
6 in accordance with any other applicable laws or regulations; and

7 (2) properly disposing of components of the battery
8 energy storage facility not practicably capable of being reused or
9 recycled:

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

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

17 (c) A wind power facility agreement entered into under
18 Chapter 301 or solar power facility agreement entered into under
19 Chapter 302 that authorizes the operation of a battery energy
20 storage facility must include the provisions described by
21 Subsection (b) and the financial assurance required by those
22 chapters must be sufficient to secure the performance of the
23 grantee's obligations under that subsection, in the manner provided
24 by Section 303.0005.

25 (d) The agreement must provide that, at the request of the
26 landowner, the grantee shall:

27 (1) clear, clean, and remove each road constructed by

the grantee on the property; and

(2) ensure that each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property.

(e) The agreement must provide that, at the request of the landowner, if reasonable, the grantee shall:

(1) remove from the property all rocks over 12 inches in diameter excavated during the decommissioning or removal process;

(2) return the property to a tillable state using scarification, V-rip, or disc methods, as appropriate; and

(3) ensure that:

(A) each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property; and

(B) the surface is returned as near as reasonably possible to the same condition as before the grantee dug holes or cavities, including by reseeding pastureland with native grasses prescribed by an appropriate governmental agency, if any.

(f) The landowner shall make a request under Subsection (d) or (e) not later than the 180th day after the later of:

(1) the date on which the landowner receives from the grantee via certified mail a copy of a notification of intent to suspend operations filed with a grid operator indicating an intent to permanently cease operations; or

(2) the date the landowner receives written notice of intent to decommission the battery energy storage facility from the

1 grantee.

2 Sec. 303.0005. REQUIRED AGREEMENT PROVISIONS ON FINANCIAL
3 ASSURANCE. (a) A battery energy storage facility agreement must
4 provide that the grantee shall obtain and deliver to the landowner
5 evidence of financial assurance that conforms to the requirements
6 of this section to secure the performance of the grantee's
7 obligations under Section 303.0004. Acceptable forms of financial
8 assurance include a parent company guaranty with a minimum
9 investment grade credit rating for the parent company issued by a
10 major domestic credit rating agency, a letter of credit, a bond, or
11 another form of financial assurance reasonably acceptable to the
12 landowner.

13 (b) The amount of financial assurance must be at least equal
14 to the estimated amount by which the cost of removing the battery
15 energy storage facilities from the landowner's property, recycling
16 or disposing of all the components of the battery energy storage
17 facilities, and restoring the property to as near as reasonably
18 possible the condition of the property as of the date the agreement
19 begins, as described by Section 303.0004, exceeds the salvage value
20 of the battery energy storage facilities, less any portion of the
21 value of the battery energy storage facilities pledged to secure
22 outstanding debt.

23 (c) The agreement must provide that:

24 (1) the estimated cost of removing the battery energy
25 storage facilities from the landowner's property, recycling or
26 disposing of all the components of the battery energy storage
27 facilities, and restoring the property to as near as reasonably

1 possible the condition of the property as of the date the agreement
2 begins, as described by Section 303.0004, and the estimated salvage
3 value of the battery energy storage facilities must be determined
4 by an independent, third-party professional engineer licensed in
5 this state;

6 (2) the grantee must deliver to the landowner the
7 estimated cost of removal and recycling or disposal of the battery
8 energy storage facilities and the salvage value on or before the
9 10th anniversary of the battery operation date of the grantee's
10 battery energy storage resources located on the landowner's
11 property; and

12 (3) the grantee must deliver an updated estimate of
13 the cost and salvage value described by Subdivision (2) at least
14 once every five years after the initial estimate for the remainder
15 of the term of the agreement.

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

19 (e) The agreement must provide that the grantee shall
20 deliver financial assurance not later than the earlier of:

21 (1) the date the battery energy storage facility
22 agreement is terminated; or

23 (2) the 15th anniversary of the battery operation date
24 of the grantee's battery energy storage resources located on the
25 landowner's property.

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

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

3 (g) The grantee may not cancel financial assurance before
4 the date the grantee has completed the grantee's obligation to
5 remove the grantee's battery energy storage facilities located on
6 the landowner's property in the manner provided by this chapter,
7 unless the grantee provides the landowner with replacement
8 financial assurance at the time of or before the cancellation. In
9 the event of a transfer of ownership of the grantee's battery energy
10 storage facilities, financial assurance provided by the grantee
11 shall remain in place until the date evidence of financial
12 assurance meeting the requirements of this chapter is provided to
13 the landowner.

14 SECTION 2. The changes in law made by this Act apply only to
15 an agreement entered into on or after the effective date of this
16 Act. An agreement entered into before the effective date of this
17 Act is governed by the law in effect on the date the agreement was
18 entered into, and the former law is continued in effect for that
19 purpose.

20 SECTION 3. This Act takes effect September 1, 2025.

H.B. No. 3809

President of the Senate

Speaker of the House

I certify that H.B. No. 3809 was passed by the House on April 29, 2025, by the following vote: Yeas 145, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3809 on May 19, 2025, by the following vote: Yeas 128, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 3809 was passed by the Senate, with amendments, on May 13, 2025, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor