

By: Patterson

H.B. No. 4378

A BILL TO BE ENTITLED

AN ACT

relating to affiliation with certain foreign entities of certain persons working or participating in the electricity market; increasing an administrative penalty.

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

SECTION 1. Section 15.023, Utilities Code, is amended by adding Subsection (b-2) to read as follows:

(b-2) Notwithstanding Subsection (b), the penalty for a violation of Section 39.360 in which a business entity submitted false or incomplete information to the independent organization certified under Section 39.151 for the ERCOT power region may be in an amount not to exceed \$1 million for each violation.

SECTION 2. Section 39.360, Utilities Code, as added by Chapter 464 (S.B. 2013), Acts of the 88th Legislature, Regular Session, 2023, is amended by amending Subsections (a), (b), (c), (d), and (e) and adding Subsections (d-1) and (j) to read as follows:

(a) In this section, "company" and "critical infrastructure" have the meanings assigned by Section 117.001 [~~113.001~~], Business & Commerce Code[, ~~as added by Chapter 975 (S.B. 2116), Acts of the 87th Legislature, Regular Session, 2021~~].

(b) An independent organization certified under Section 39.151 may not register a business entity as a market participant or maintain the registration of a business entity to operate as a

1 market participant in the power region for which the independent
2 organization is certified unless the business entity attests that
3 the entity complies with Chapter 117 [~~113~~], Business & Commerce
4 Code[, ~~as added by Chapter 975 (S.B. 2116), Acts of the 87th~~
5 ~~Legislature, Regular Session, 2021~~].

6 (c) An independent organization certified under Section
7 39.151 shall require as a condition of operating as a market
8 participant in the power region for which the independent
9 organization is certified that a business entity report to the
10 independent organization the purchase of any critical electric grid
11 equipment or service from a company described by Section
12 117.002(a)(2) [~~113.002(a)(2)~~], Business & Commerce Code[, ~~as added~~
13 ~~by Chapter 975 (S.B. 2116), Acts of the 87th Legislature, Regular~~
14 ~~Session, 2021~~].

15 (d) For each purchase reported by a business entity under
16 Subsection (c), the business entity shall submit an attestation to
17 the independent organization that the purchase will not result in
18 access to or control of its critical electric grid equipment by a
19 company described by Section 117.002(a)(2) [~~113.002(a)(2)~~],
20 Business & Commerce Code, [~~as added by Chapter 975 (S.B. 2116), Acts~~
21 ~~of the 87th Legislature, Regular Session, 2021~~], excluding access
22 specifically allowed by the business entity for product warranty
23 and support purposes.

24 (d-1) An independent organization certified under Section
25 39.151 may:

26 (1) require as a condition of market participant
27 registration that a business entity provide the independent

1 organization with additional information to confirm the accuracy of
2 an attestation or report required under Subsection (b), (c), or
3 (d); and

4 (2) disclose information received under Subdivision
5 (1) to the attorney general or the commission.

6 (e) Notwithstanding any other law, an independent
7 organization certified under Section 39.151 may immediately
8 suspend or terminate a business entity's ~~[company's]~~ registration
9 as a market participant or access to any of the independent
10 organization's systems if the independent organization has a
11 reasonable suspicion that the business entity is a company ~~[meets~~
12 ~~any of the criteria]~~ described by Section 2275.0102(a)(2)
13 ~~[2274.0102(a)(2)], Government Code[, as added by Chapter 975 (S.B.~~
14 ~~2116), Acts of the 87th Legislature, Regular Session, 2021].~~

15 (j) The attorney general may investigate the accuracy or
16 sufficiency of information provided under this section to an
17 independent organization certified under Section 39.151 and
18 disclose any new information obtained in relation to the
19 investigation to the independent organization or the commission.

20 SECTION 3. To the extent of any conflict, this Act prevails
21 over another Act of the 89th Legislature, Regular Session, 2025,
22 relating to nonsubstantive additions to and corrections in enacted
23 codes.

24 SECTION 4. This Act takes effect September 1, 2025.