

By: Hall, et al.  
(Wilson)

S.B. No. 75

Substitute the following for S.B. No. 75:

By: King

C.S.S.B. No. 75

A BILL TO BE ENTITLED

AN ACT

relating to the resilience of the electric grid and certain municipalities.

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

SECTION 1. The legislature finds that:

(1) electric grid outages threaten the lives of the citizens of this state and pose a disproportionately large risk to:

(A) the elderly, vulnerable, and underprivileged within this state; and

(B) communities facing disproportionate environmental health burdens and population vulnerabilities relating to facilities such as chemical plants and refineries that can become environmental disaster areas when taken off-line due to loss of electricity;

(2) the critical infrastructure sectors identified in President Barack Obama's Presidential Policy Directive "Critical Infrastructure Security and Resilience" (PPD-21) (chemical, commercial facilities, communications, critical manufacturing, dams, defense industrial base, emergency services, energy, financial services, food and agriculture, government facilities, health care and public health, information technology, nuclear reactors, materials, and waste, transportation systems, water and wastewater systems) depend on the electric grid in this state and make the grid's protection vital to the economy of this

1 nation and homeland security;

2 (3) the power outage that occurred in this state in  
3 February 2021 caused:

4 (A) death and suffering in this state;

5 (B) economic loss to this state's economy;

6 (C) impacts to all critical infrastructures in  
7 this state;

8 (D) the dispatch of generation units that likely  
9 exceeded limits established by the Environmental Protection Agency  
10 for sulfur dioxide, nitrogen oxide, mercury, and carbon monoxide  
11 emissions and wastewater release limits;

12 (E) radically increased pricing of electricity  
13 and made electric power bills unaffordable to many customers across  
14 this state; and

15 (F) exacerbation of COVID-19 pandemic risk by  
16 forcing many of the state's citizens to consolidate at warming  
17 centers and in other small spaces where warmth for survival  
18 superseded social distancing protocols;

19 (4) a previous large-scale power outage occurred in  
20 this state in February 2011 during which 4.4 million customers were  
21 affected;

22 (5) this state is uniquely positioned to prevent power  
23 outages because this state is a net exporter of energy and is the  
24 only state with an electric grid almost exclusively within its  
25 territorial boundaries;

26 (6) the 2011 and 2021 power outages call into  
27 question:

1 (A) whether too much risk has been accepted  
2 regarding weatherization of electric generation infrastructure;

3 (B) whether this state lacks the internal  
4 distribution structure and control systems to manage rolling  
5 outages; and

6 (C) whether sufficient resources have been  
7 allocated toward overall grid resilience;

8 (7) public confidence in the resilience of the  
9 electric grid in this state is essential to ensuring economic  
10 prosperity, domestic tranquility, continuity of government, and  
11 life-sustaining systems;

12 (8) a resilient electric grid that offers businesses  
13 in this state continuity of operations in the event of a natural or  
14 man-made disaster will be an unrivaled attraction for businesses to  
15 expand or move their operations to this state;

16 (9) a resilient electric grid that can operate in the  
17 event of a natural or man-made disaster will protect important  
18 facets of this state, including its military installations and  
19 environment;

20 (10) current market incentives and regulations are not  
21 sufficient for electric utilities to:

22 (A) prioritize grid security and resilience; and

23 (B) protect the grid against hazards;

24 (11) protection of the electric grid in this state  
25 against hazards would assure businesses and the citizens of this  
26 state that the "lights will be back on first in Texas" in the event  
27 of a nationwide catastrophe affecting electric infrastructure,

sparing this state from catastrophic societal and environmental consequences; and

(12) when this state begins implementation of the plan for all hazards resilience described by Section 44.007, Utilities Code, as added by this Act, to protect the electric grid in this state, short-term and long-term economic benefits will far exceed even the most optimistic estimates of the conventional economic incentives provided by tax abatements to attract businesses to this state.

SECTION 2. Subtitle B, Title 2, Utilities Code, is amended by adding Chapter 44 to read as follows:

CHAPTER 44. GRID RESILIENCE

Sec. 44.001. DEFINITIONS. In this chapter:

(1) "All hazards" means:

(A) terrestrial weather, including wind, hurricanes, tornadoes, flooding, ice storms, extended cold weather events, heat waves, and wildfires;

(B) seismic events, including earthquakes and tsunamis;

(C) physical threats, including terrorist attacks with direct fire, drones, explosives, and other methods of physical sabotage;

(D) cyber attacks, including malware attacks and hacking of unprotected or compromised information technology networks;

(E) manipulation of operational technology devices, including sensors, actuators, and drives;

1                   (F) electromagnetic threats through man-made  
2 radio frequency weapons, high-altitude nuclear electromagnetic  
3 pulses, and naturally occurring geomagnetic disturbances;

4                   (G) electric generation supply chain  
5 vulnerabilities, including insecure or inadequate fuel  
6 transportation or storage; and

7                   (H) insider threats caused by compromised or  
8 hostile personnel working within government or the utility  
9 industry.

10                  (2) "Micro-grid" means a group of interconnected loads  
11 and distributed energy resources inside clearly defined electrical  
12 boundaries.

13                  (3) "Public utility" means an entity that generates,  
14 transmits, or distributes electric energy to the public, including  
15 an electric utility, an electric cooperative, a municipally owned  
16 utility, and a river authority.

17                  (4) "Security commission" means the Texas Grid  
18 Security Commission.

19                  Sec. 44.002. TEXAS GRID SECURITY COMMISSION. (a) The Texas  
20 Grid Security Commission is composed of the following members:

21                  (1) a representative of the Texas Division of  
22 Emergency Management appointed by the chief of that division;

23                  (2) a representative of the commission appointed by  
24 that commission;

25                  (3) a representative of the Railroad Commission of  
26 Texas appointed by that commission;

27                  (4) a representative of the independent organization

1 certified under Section 39.151 for the ERCOT power region appointed  
2 by the chief executive officer of that organization;

3 (5) a representative of power generation companies  
4 appointed by the chief of the Texas Division of Emergency  
5 Management; and

6 (6) a representative of transmission and distribution  
7 utilities, electric cooperatives, municipally owned utilities, and  
8 river authorities appointed by the chief of the Texas Division of  
9 Emergency Management.

10 (b) The Texas Division of Emergency Management shall  
11 designate a member of the security commission to serve as presiding  
12 officer.

13 (c) The security commission shall convene at the call of the  
14 presiding officer.

15 (d) The security commission shall report to the chief of the  
16 Texas Division of Emergency Management.

17 (e) A vacancy on the security commission is filled by  
18 appointment for the unexpired term in the same manner as the  
19 original appointment.

20 (f) To the extent possible, individuals appointed to the  
21 security commission must be residents of this state.

22 (g) The chief of the Texas Division of Emergency Management  
23 may invite officials or former officials of the United States  
24 Department of Defense or Department of Homeland Security with  
25 expertise on electromagnetic pulse defense to advise the security  
26 commission.

27 (h) The presiding officer of the security commission or the

chief of the Texas Division of Emergency Management may invite to advise the security commission any person whose expertise the security commission considers necessary to carry out the purposes of this chapter, including individuals recognized as experts in the fields of law enforcement, emergency services, communications, water and sewer services, health care, financial services, agriculture, transportation, electricity markets, cybersecurity of grid control systems, electromagnetic pulse mitigation, terrestrial and solar weather, and micro-grids.

Sec. 44.003. GRID RESILIENCE INFORMATION. (a) Each of the following members of the security commission shall apply for a secret security clearance or an interim secret security clearance to be granted by the federal government:

(1) the representative of the independent organization certified under Section 39.151 for the ERCOT power region;

(2) the representative of the Texas Division of Emergency Management; and

(3) the representative of the commission.

(b) A member of the security commission listed under Subsection (a) who is granted an applicable security clearance under that subsection is a member of the information security working group.

(c) The information security working group shall determine:

(1) which information created or obtained by the security commission is confidential;

(2) which members of the security commission may

1 access which types of information received by the security  
2 commission; and

3 (3) which members, other than members of the working  
4 group, should apply for a secret security clearance or interim  
5 clearance granted by the federal government.

6 (d) Information that the information security working group  
7 determines is confidential under Subsection (c) shall be stored and  
8 maintained by the independent organization certified under Section  
9 39.151 for the ERCOT power region.

10 (e) The security commission must maintain a reasonable  
11 balance between public transparency and security for information  
12 determined to be confidential under Subsection (c).

13 (f) Confidential information created or obtained by the  
14 security commission is not subject to disclosure under Chapter 552,  
15 Government Code.

16 (g) A meeting of the security commission that involves the  
17 discussion of confidential information is not subject to Chapter  
18 551, Government Code.

19 Sec. 44.004. GRID RESILIENCE EVALUATION. (a) The security  
20 commission shall evaluate, using available information on past  
21 power outages in ERCOT, all hazards to the critical infrastructure  
22 of the ERCOT electric grid, including threats that can cause future  
23 outages. The security commission shall evaluate the resilience of  
24 municipalities in this state in the following essential areas:

25 (1) emergency services;

26 (2) communications systems;

27 (3) water and sewer services;



1           (4) health care systems;

2           (5) financial services;

3           (6) energy systems, including whether energy,  
4 electric power, and fuel supplies are protected and available for  
5 recovery in the event of a catastrophic power outage; and

6           (7) transportation systems.

7           (b) The security commission may create groups to identify  
8 and address each hazard as necessary. The security commission must  
9 assess each hazard both on the likelihood of occurrence of the  
10 hazard and the potential consequences of the hazard.

11           (c) The security commission shall identify methods by which  
12 this state can support an overall national deterrence policy as  
13 proposed by the United States Cyberspace Solarium Commission,  
14 including by:

15           (1) identifying means to ensure that measures taken to  
16 increase resilience of critical infrastructure against all hazards  
17 support critical national security functions in this state; and

18           (2) engaging the Texas National Guard to be trained as  
19 first responders to cybersecurity threats to the ERCOT electric  
20 grid and other critical infrastructure.

21           (d) The security commission shall evaluate nuclear  
22 generation sites in this state, the resilience of each nuclear  
23 reactor to all hazards, and the resilience to all hazards of  
24 off-site power for critical safety systems that support the reactor  
25 and spent fuel. The security commission may communicate with the  
26 United States Nuclear Regulatory Commission to accomplish the  
27 evaluation.

1       (e) The security commission shall evaluate current Critical  
2 Infrastructure Protection standards established by the North  
3 American Electric Reliability Corporation and standards set by the  
4 National Institute of Standards and Technology to inform the  
5 security commission's recommended standards for protecting grid  
6 infrastructure in this state.

7       (f) The security commission shall investigate the steps  
8 that local communities and other states have taken to address grid  
9 resilience. The security commission may request funding from the  
10 Texas Division of Emergency Management to conduct site visits to  
11 these locations as required.

12       (g) The security commission shall identify universities  
13 based in this state that have expertise in cybersecurity and other  
14 matters that can contribute to the security commission's goal of  
15 mitigating all hazards to critical infrastructure in this state.

16       (h) In carrying out the security commission's duties under  
17 this section, the security commission may solicit information from:

18               (1) defense contractors with experience protecting  
19 defense systems from electromagnetic pulses;

20               (2) public utilities that have developed  
21 electromagnetic pulse protections for the utilities' grid assets;

22               (3) the United States Department of Homeland Security;  
23 and

24               (4) the Commission to Assess the Threat to the United  
25 States from Electromagnetic Pulse (EMP) Attack.

26       Sec. 44.005. RESILIENCE STANDARDS. (a) Based on the  
27 findings of the evaluations and investigations conducted under

1 Section 44.004, the security commission shall consider and  
2 recommend resilience standards for municipalities and critical  
3 infrastructure of the ERCOT electric grid.

4 (b) Standards considered and recommended for energy systems  
5 of municipalities should include provisions to ensure that energy,  
6 electric power, and fuel supplies are protected and available for  
7 recovery in the event of a catastrophic power outage.

8 (c) Not later than December 1, 2026, the security commission  
9 shall prepare and deliver a report to the legislature on the  
10 security commission's recommended resilience standards, the  
11 estimated costs associated with implementing the recommended  
12 standards, the potential effects if the recommended standards are  
13 not implemented, and the anticipated timeline for implementation of  
14 the recommended standards.

15 Sec. 44.006. MICRO-GRIDS. The security commission shall  
16 recommend resilience standards for micro-grids. The standards must  
17 be developed for both alternating current and direct current.

18 Sec. 44.007. PLAN FOR ALL HAZARDS RESILIENCE. (a) Not  
19 later than December 1, 2026, the security commission shall prepare  
20 and deliver to the legislature a plan for protecting critical  
21 infrastructure from all hazards, including a catastrophic loss of  
22 power in the state.

23 (b) The plan must include:

24 (1) any weatherization recommendations in addition to  
25 requirements established under Section 35.0021 necessary to  
26 prevent outages of critical infrastructure from extreme cold  
27 weather events, an analysis of whether these recommendations would

1 induce cyber vulnerabilities, and an analysis of the associated  
2 costs for these recommendations;

3 (2) recommendations for installing, replacing, or  
4 upgrading industrial control systems and associated networks, or  
5 the use of compensating controls or procedures, in critical  
6 facilities to address cyber vulnerabilities;

7 (3) recommendations for installing, replacing, or  
8 upgrading extra high-voltage power transformers and supervisory  
9 control and data acquisition systems to withstand 100  
10 kilovolts/meter E1 electromagnetic pulses and 85 volts/kilometer  
11 E3 electromagnetic pulses;

12 (4) a timeline for making improvements to critical  
13 infrastructure to meet resilience standards recommended by the  
14 security commission under Section 44.005;

15 (5) long-term resilience recommendations for  
16 supporting industries, including:

17 (A) communications;

18 (B) food supply;

19 (C) fuel supply;

20 (D) health care;

21 (E) nuclear reactors, materials, and waste;

22 (F) transportation; and

23 (G) water and sewer services; and

24 (6) any additional recommendations considered  
25 necessary by the security commission.

26 (c) The security commission may consult with the Private  
27 Sector Advisory Council in developing the plan.

1       Sec. 44.008. GRID RESILIENCE REPORT. (a) Not later than  
2 January 1 of each year, the security commission shall prepare and  
3 deliver a nonclassified report to the legislature, the governor,  
4 and the commission assessing natural and man-made threats to the  
5 electric grid and efforts to mitigate the threats.

6       (b) The security commission shall make the report available  
7 to the public.

8       (c) In preparing the report, the security commission may  
9 hold confidential or classified briefings with federal, state, and  
10 local officials as necessary.

11       SECTION 3. This Act takes effect immediately if it receives  
12 a vote of two-thirds of all the members elected to each house, as  
13 provided by Section 39, Article III, Texas Constitution. If this  
14 Act does not receive the vote necessary for immediate effect, this  
15 Act takes effect September 1, 2025.