

By: King

S.B. No. 231

A BILL TO BE ENTITLED

AN ACT

relating to temporary emergency energy facilities.

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

SECTION 1. Section 39.918, Utilities Code, is amended by amending Subsections (d) and (f) and adding Subsections (f-1), (f-2), and (f-3) to read as follows:

(d) A facility [~~Facilities~~] described by Subsection (b)(1):

(1) must be operated in isolation from the bulk power system; ~~and~~

(2) may not be included in independent system operator:

(A) locational marginal pricing calculations;

(B) pricing; or

(C) reliability models;

(3) must be:

(A) mobile;

(B) capable of being moved without a permit required for superheavy, oversized, overweight, or overlength equipment, commodities, or vehicles under Subtitle E, Title 7, Transportation Code; and

(C) capable of generating electric energy within three hours of being connected to a demand source; and

(4) must have a maximum generation capacity of not more than five megawatts.

1 (f) A transmission and distribution utility shall~~[, when~~
2 ~~reasonably practicable,~~] use a competitive bidding process to lease
3 facilities under Subsection (b)(1).

4 (f-1) A transmission and distribution utility may not enter
5 into a lease under Subsection (b)(1) unless:

6 (1) the commission first approves the lease in a rate
7 proceeding or a separate contested case hearing; or

8 (2) the lease includes a provision that allows
9 alteration of the lease based on commission order or rule.

10 (f-2) Notwithstanding Subsections (f) and (f-1)(1), a
11 transmission and distribution utility may enter into a lease under
12 Subsection (b)(1) without competitive bidding or prior commission
13 approval if:

14 (1) the transmission and distribution utility lacks
15 the leased generating capacity necessary to aid in restoring power
16 to the utility's customers during a significant power outage; and

17 (2) the amount of leased generating capacity does not
18 significantly exceed the amount of megawatts necessary to restore
19 electric service to the utility's customers during a significant
20 power outage.

21 (f-3) A transmission and distribution utility that enters
22 into a lease in the manner provided by Subsection (f-2) shall
23 provide documentation to justify the amount of leased generating
24 capacity during the first base rate proceeding after the date the
25 lease begins.

26 SECTION 2. (a) Not later than the 30th day after the
27 effective date of this Act, the Public Utility Commission of Texas

1 shall initiate a proceeding under Chapter 36, Utilities Code, to
2 review the rates of a transmission and distribution utility,
3 including the rate of return on investment established in the
4 commission's final order in the utility's most recent base rate
5 proceeding, that:

6 (1) leased a facility to provide temporary emergency
7 electric energy under Section 39.918, Utilities Code, before the
8 effective date of this Act; and

9 (2) did not deploy the facility to provide emergency
10 electric energy to the utility's customers during a significant
11 power outage that occurred during a major disaster declared by the
12 president of the United States under the Robert T. Stafford
13 Disaster Relief and Emergency Assistance Act (42 U.S.C. Section
14 5121 et seq.) in 2024.

15 (b) If, during the proceeding initiated under Subsection
16 (a) of this section, the Public Utility Commission of Texas
17 determines that any rate charged or cost incurred by the
18 transmission and distribution utility is unreasonable or not
19 prudent based on a failure to deploy a leased facility as described
20 by Subsection (a) of this section or based on any other factor, the
21 commission shall:

22 (1) revise the utility's rate of return on investment
23 accordingly; or

24 (2) order the utility to refund to customers any
25 amount improperly recovered.

26 SECTION 3. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2025.