

AN ACT

relating to critical infrastructure and utilities, including affiliation with certain foreign entities of certain persons working or participating in the electricity market; authorizing and increasing administrative penalties.

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

SECTION 1. Chapter 117, Business & Commerce Code, is amended by adding Section 117.004 to read as follows:

Sec. 117.004. ENFORCEMENT BY PUBLIC UTILITY COMMISSION OF TEXAS. (a) The Public Utility Commission of Texas may impose an administrative penalty in the manner provided by Chapter 15, Utilities Code, on a business entity that is subject to the jurisdiction of the commission under Title 2, Utilities Code, for a violation of this chapter in which the business entity enters into an agreement granting a company access to or control of the business entity's critical electric grid equipment or critical infrastructure.

(b) The penalty for a violation described by Subsection (a) may be in an amount not to exceed \$1 million for each violation.

SECTION 2. 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 fails to submit all required information to or knowingly submits false

1 information to an independent organization certified under Section  
2 39.151 may be in an amount not to exceed \$1 million for each  
3 violation.

4 SECTION 3. Subchapter B, Chapter 15, Utilities Code, is  
5 amended by adding Sections 15.034 and 15.035 to read as follows:

6 Sec. 15.034. CONFIDENTIALITY OF ENFORCEMENT INFORMATION.

7 (a) Information and material in the possession of or obtained or  
8 compiled by the commission that is related to a commission  
9 enforcement proceeding under this subchapter is confidential and  
10 not subject to disclosure under Chapter 552, Government Code.

11 (b) Information and material in the possession of or  
12 obtained or compiled by the commission that is related to a  
13 commission enforcement proceeding under this subchapter is not  
14 subject to disclosure, discovery, subpoena, or any other means of  
15 legal compulsion for release, except:

16 (1) to the commission or an employee or agent of the  
17 commission; or

18 (2) at the commission's discretion, to:

19 (A) a person involved in the enforcement  
20 proceeding;

21 (B) a law enforcement agency; or

22 (C) a member of the legislature.

23 Sec. 15.035. APPLICABILITY. For the purposes of imposing  
24 an administrative penalty under this subchapter, "person"  
25 includes:

26 (1) an electric utility as defined by Section 31.002;

27 (2) a municipally owned utility; and

1           (3) an electric cooperative.

2           SECTION 4. Section 39.151(g-7), Utilities Code, as added by  
3 Chapter 464 (S.B. 2013), Acts of the 88th Legislature, Regular  
4 Session, 2023, is redesignated as Section 39.151(g-8), Utilities  
5 Code, and amended to read as follows:

6           (g-8) [~~g-7~~] To maintain certification as an independent  
7 organization under this section, the organization must:

8                 (1) identify all employee positions in the  
9 organization that are critical to the security of the electric  
10 grid; and

11                (2) before hiring a person for a position described by  
12 Subdivision (1), obtain:

13                     (A) from the Department of Public Safety or a  
14 private vendor, criminal history record information relating to the  
15 prospective employee and any other background information  
16 considered necessary by the independent organization or required by  
17 the commission; and

18                     (B) from the prospective employee, an  
19 attestation regarding:

20                             (i) any former travel by the prospective  
21 employee to a country described by Section 117.002(a)(2)(A)(i),  
22 Business & Commerce Code; and

23                             (ii) any relationship between the  
24 prospective employee and a foreign governmental entity or foreign  
25 political organization.

26           SECTION 5. Section 39.360, Utilities Code, as added by  
27 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 market participant in the power region for which the independent organization is certified unless the business entity attests that the entity complies with Chapter [117](#) [~~113~~], Business & Commerce Code[, ~~as added by Chapter 975 (S.B. 2116), Acts of the 87th Legislature, Regular Session, 2021~~].

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

(d) For each purchase reported by a business entity under Subsection (c), the business entity shall submit an attestation to the independent organization that the purchase will not result in

access to or control of its critical electric grid equipment by a company described by Section 117.002(a)(2) [~~113.002(a)(2)~~], Business & Commerce Code, [~~as added by Chapter 975 (S.B. 2116), Acts of the 87th Legislature, Regular Session, 2021,~~] excluding access specifically allowed by the business entity for product warranty and support purposes.

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

(1) require as a condition of market participant registration that a business entity provide the independent organization with additional information to confirm the accuracy of an attestation or report required under Subsection (b), (c), or (d); and

(2) disclose information received under Subdivision (1) or any other relevant information to the attorney general or the commission.

(e) Notwithstanding any other law but subject to Section 39.151(d-4)(6), an independent organization certified under Section 39.151 may immediately suspend or terminate a business entity's [~~company's~~] registration as a market participant or access to any of the independent organization's systems if the independent organization has a reasonable suspicion that the business entity is a company [~~meets any of the criteria~~] described by Section 2275.0102(a)(2) [~~2274.0102(a)(2)~~], Government Code[, ~~as added by Chapter 975 (S.B. 2116), Acts of the 87th Legislature, Regular Session, 2021~~].

(j) On request of an independent organization certified

1 under Section 39.151, the attorney general may investigate the  
2 accuracy or sufficiency of information provided under this section  
3 to the independent organization and disclose any new information  
4 obtained in relation to the investigation to the independent  
5 organization or the commission.

6       SECTION 6. Section 15.035, Utilities Code, as added by this  
7 Act, applies only to a violation committed on or after the effective  
8 date of this Act. A violation committed before the effective date  
9 of this Act is governed by the law in effect when the violation was  
10 committed, and the former law is continued in effect for that  
11 purpose.

12       SECTION 7. To the extent of any conflict, this Act prevails  
13 over another Act of the 89th Legislature, Regular Session, 2025,  
14 relating to nonsubstantive additions to and corrections in enacted  
15 codes.

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

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 2368 passed the Senate on April 22, 2025, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 30, 2025, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 2368 passed the House, with amendment, on May 28, 2025, by the following vote: Yeas 138, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor