

BILL ANALYSIS

C.S.H.B. 2483
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Widespread electricity outages can have significant impacts on electric utility customers across Texas. Recent hurricanes and winter storm events have demonstrated the need for additional tools to help transmission and distribution utilities avoid or reduce the duration or impact of such outages. Additionally, the potential for physical or cybersecurity events impacting electric service further demonstrates the need for these options. There have been calls to provide these utilities with the ability to use certain facilities to restore service after a widespread outage. C.S.H.B. 2483 seeks to address this issue by authorizing a transmission and distribution utility to lease or own and operate facilities providing temporary, emergency electric energy to aid in the restoration of electric service during a widespread outage.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2483 amends the Utilities Code to authorize a transmission and distribution utility to do the following:

- lease and operate facilities that provide temporary emergency electric energy to aid in restoring power to the utility's distribution customers during a widespread power outage; and
- procure, own, and operate, or enter into a cooperative agreement with other transmission and distribution utilities to procure, own, and operate jointly, long lead time facilities that would aid in restoring power to the utility's distribution customers following such an outage.

The bill prohibits a utility that leases and operates facilities that provide temporary emergency electric energy to aid in restoring service to the utility's distribution customers during a widespread power outage from selling electric energy or ancillary services from those facilities. The bill requires such a utility or a utility that procures, owns, and operates long lead time facilities that would aid in restoring power to the utility's distribution customers following a widespread power outage to include in the utility's emergency operations plan filed with the Public Utility Commission of Texas (PUC) a detailed plan on the utility's use of those facilities.

C.S.H.B. 2483 requires the PUC to authorize a transmission and distribution utility to do the following with respect to cost recovery:

- recover the reasonable and necessary costs of leasing, procuring, owning, and operating the facilities, including the present value of future payments required under the lease, as applicable, using the rate of return on investment established in the PUC's final order in the utility's most recent base rate proceeding; and
- defer for recovery in a future ratemaking proceeding the incremental operations and maintenance expenses and the return, not otherwise recovered in a rate proceeding, associated with the leasing or procurement, ownership, and operation of the facilities, as applicable.

The bill authorizes a transmission and distribution utility to request recovery of the reasonable and necessary costs of leasing or procuring, owning, and operating the facilities, including any deferred expenses, through a ratemaking proceeding. The bill requires a lease of facilities that provide temporary emergency electric energy to aid in restoring power to the utility's distribution customers during a widespread power outage to be treated as a capital lease or finance lease for ratemaking purposes.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2483 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes the following:

- an authorization for a utility to operate the long lead time facilities;
- a prohibition against a utility that leases and operates the facilities that provide temporary emergency electric energy from selling energy or ancillary services from those facilities;
- a requirement for a lease of such a facility to be treated as a capital lease or finance lease for ratemaking purposes;
- a requirement for a utility to include in the utility's emergency operations plan a detailed plan on the utility's use of the applicable facilities; and
- a specification that the costs authorized to be recovered under the bill are reasonable and necessary costs and, for a utility that leases a facility, include the present value of future payments required under the lease.

The substitute does not include a requirement for a utility that seeks cost recovery to submit an analysis of the costs and benefits of owning versus leasing the facilities if the facilities are available in the competitive marketplace.

The substitute does not include the authorization for a transmission and distribution utility to own and operate facilities that provide temporary, emergency electric energy to aid certain restoration efforts.