

BILL ANALYSIS

Senate Research Center

H.B. 2483
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Natural disasters such as hurricanes and winter storm events have demonstrated the need for additional tools to help transmission and distribution utilities (TDUs) reduce the duration or impact of such outages. Additionally, potential for physical or cybersecurity events impacting electric service further demonstrates the need for these restoration tools.

H.B. 2483 would allow electric TDUs to secure assets and enter into cooperative agreements with other electric utilities to provide emergency generation services in the event of a "widespread outage" event.

The bill allows the TDUs to 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 to procure, own, and operate, or enter into a cooperative agreement with other TDUs 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.

Utilities undertaking either of those activities must 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.

The bill authorizes a TDU to request recovery of reasonably and necessary costs of undertaking these activities through a ratemaking proceeding.

This bill does not allow 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 outage to sell electric energy or ancillary services from those facilities.

H.B. 2483 amends current law relating to utility facilities for restoring electric service after a widespread power outage.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.918, as follows:

Sec. 39.918. UTILITY FACILITIES FOR POWER RESTORATION AFTER WIDESPREAD POWER OUTAGE. (a) Defines "widespread power outage."

(b) Authorizes a transmission and distribution utility, notwithstanding any other provision of Subtitle B (Electric Utilities), to:

(1) 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 in which the independent system operator has ordered the utility to shed load, or the utility's distribution facilities are not being fully served by the bulk power system under normal operations; and

(2) procure, own, and operate, or enter into a cooperative agreement with other transmission and distribution utilities to procure, own, and operate jointly, transmission and distribution facilities that have a lead time of at least six months and would aid in restoring power to the utility's distribution customers following a widespread power outage. Prohibits long lead time facilities, in this section, from being electric energy storage equipment or facilities under Chapter 35 (Alternative Energy Providers), Utilities Code.

(c) Prohibits a transmission and distribution utility that leases and operates facilities under Subsection (b)(1) from selling electric energy or ancillary services from those facilities.

(d) Provides that facilities described by Subsection (b)(1) are required to be operated in isolation from the bulk power system and are prohibited from being included in independent system operator locational marginal pricing calculations, pricing, or reliability models.

(e) Requires a transmission and distribution utility that leases and operates facilities under Subsection (b)(1) to ensure, to the extent reasonably practicable, that retail customer usage during operation of those facilities is adjusted out of the usage reported for billing purposes by the retail customer's retail electric provider.

(f) Requires a transmission and distribution utility to, when reasonably practicable, use a competitive bidding process to lease facilities under Subsection (b)(1).

(g) Requires a transmission and distribution utility that leases and operates facilities under Subsection (b)(1) or that procures, owns, and operates facilities under Subsection (b)(2) to include in the utility's emergency operations plan filed with the Public Utility Commission of Texas (PUC), as described by Section 186.007 (Weather Emergency Preparedness Report), a detailed plan on the utility's use of those facilities.

(h) Requires the PUC to permit:

(1) a transmission and distribution utility that leases and operates facilities under Subsection (b)(1) to recover the reasonable and necessary costs of leasing and operating the facilities, including the present value of future payments required under the lease, using the rate of return on investment established in the PUC's final order in the utility's most recent base rate proceeding; and

(2) a transmission and distribution utility that procures, owns, and operates facilities under Subsection (b)(2) to recover the reasonable and necessary costs of procuring, owning, and operating the facilities, using the rate of return on investment established in the PUC's final order in the utility's most recent base rate proceeding.

(i) Requires the PUC to authorize a transmission and distribution utility to 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.

(j) Authorizes a transmission and distribution utility to request recovery of the reasonable and necessary costs of leasing or procuring, owning, and operating facilities under this section, including any deferred expenses, through a proceeding under Section 36.210 (Periodic Rate Adjustments) or in another ratemaking proceeding. Requires that a lease under Subsection (b)(1) be treated as a capital lease or finance lease for ratemaking purposes.

(k) Provides that this section expires September 1, 2029.

SECTION 2. Requires the PUC, not later than January 1, 2029, to:

(1) analyze the effects of authorizing transmission and distribution utilities to lease, operate, procure, or own the facilities described by Section 39.918(b), Utilities Code, as added by this Act; and

(2) submit a report to the legislature that includes the analysis produced under Subdivision (1) of this section and a recommendation of whether the legislature should allow Section 39.918, Utilities Code, as added by this Act, to expire.

SECTION 3. Effective date: September 1, 2021.