

BILL ANALYSIS

C.S.H.B. 3378
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The electric grid is a complex, interconnected network of generation, transmission, distribution, control, and communication technologies, which are a natural target for cyber and security attacks. Although the industry has already taken significant steps to secure this increasingly interconnected system, the threat of an attack on the electric grid and the risks of a widespread outage highlight the importance of developing effective policies to address these potential safety and security risks. As Texas is the only state in the contiguous United States with an electric grid fully within its borders, it is appropriate for Texas to be on the vanguard of addressing these security risks. C.S.H.B. 3378 seeks to address these issues by establishing the Texas Electric Grid Security Council to facilitate the creation, aggregation, coordination, and dissemination of best practices for the electric industry.

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. 3378 amends the Utilities Code to establish the Texas Electric Grid Security Council as an advisory body to facilitate the creation, aggregation, coordination, and dissemination of best security practices for the electric industry. The bill sets out related legislative findings and provides for the council's composition, the designation of a presiding officer, the manner in which the council convenes, and the reimbursement of council members, who are not entitled to compensation. The bill authorizes a council member to apply for federal secret security clearance or interim security clearance and prohibits a member from accessing classified information or participating in a briefing or meeting involving classified information unless the member has a secret security clearance.

C.S.H.B. 3378 requires the independent organization certified by the Public Utility Commission of Texas to perform certain functions relating to the market structure of the electric utility industry to provide information and resources requested by the council. The bill lists certain entities with which the council may consult and coordinate in carrying out its functions and requires the council, on a request by the governor, the lieutenant governor, or the chair of the committee of the house of representatives or senate having jurisdiction over energy utility regulation, to issue to the requestor recommendations regarding specified topics relating to grid security. The bill authorizes the council to prepare a report outlining grid security response efforts that do not involve classified or highly sensitive, company-specific information and

requires the council to deliver any such prepared report to the governor, lieutenant governor, and legislature on or before the December 1 immediately preceding a regular session of the legislature. The bill exempts the council's meetings and information obtained or created by the council from state open meetings law and state public information law requirements.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3378 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 Texas Reliability Entity among the entities with which the council may consult and coordinate in carrying out its functions.

The substitute revises the topics regarding which the council is required to issue recommendations to an applicable requestor.

The substitute provides for the exclusion of grid security response efforts that involve highly sensitive, company-specific information from a report prepared by the council.

The substitute does not include exemptions from state open meetings law and state public information law for council recommendations, work, and findings but does include those exemptions for information obtained or created by the council.