

BILL ANALYSIS

Senate Research Center

H.B. 11
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Jurisprudence
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In February of this year, Winter Storm Uri hit Texas and caused the widespread failure of electric power generation facilities, which left millions of Texans without power for several days in freezing temperatures. There have been calls for the state to do more to address one of the main causes of that failure—the lack of weatherization at generation facilities, which rendered those facilities inoperable in the unusually cold temperatures. H.B. 11 seeks to answer those calls by requiring the Public Utility Commission of Texas to require by rule that each provider of power generation and each entity providing transmission or distribution service in the ERCOT power region prepare for extreme weather emergencies and enact policies for bringing failed generation back online as soon as possible.

H.B. 11 amends current law relating to the preparedness for extreme weather emergencies of facilities that provide electricity service and provides an administrative penalty.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 (Section 35.0021, Utilities Code), SECTION 4 (Section 38.074, Utilities Code), SECTION 5 (Section 39.918, Utilities Code), and SECTION 6 (Section 186.008, Utilities Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 35, Utilities Code, by adding Section 35.0021, as follows:

Sec. 35.0021. WEATHER EMERGENCY PREPAREDNESS. (a) Defines "extreme weather emergency."

(b) Provides that this section applies only to a municipally owned utility, electric cooperative, power generation company, or exempt wholesale generator that sells electric energy at wholesale in the ERCOT power region.

(c) Requires the Public Utility Commission of Texas (PUC) by rule to require each entity described by Subsection (b) to:

(1) implement measures to prepare generation facilities to provide adequate electric generation service during an extreme weather emergency;

(2) make reasonable efforts to prevent electric generation service interruptions during an extreme weather emergency;

(3) reestablish service in the shortest possible time period after an electric generation service interruption that occurs due to an extreme weather emergency; and

(4) make reasonable efforts to manage emergencies caused by electric generation service interruptions during extreme weather emergencies, including issuing instructions to employees on procedures to be followed in the event of an extreme weather emergency.

(d) Requires that the rules address electric generation service for all neighborhoods, rural areas, communities of fewer than 1,000 people, and low-income areas in the ERCOT power region.

(e) Authorizes the PUC to impose an administrative penalty on an entity, including a municipally owned utility or an electric cooperative, that violates a rule adopted under this section in the manner provided by Chapter 15 (Judicial Review, Enforcement, and Penalties).

(f) Requires that rural areas have the meaning assigned in Section 12.046(a)(2) (relating to the definition of "rural community"), Agriculture Code.

(g) Requires that low-income area mean a neighborhood that has at least 52 percent of its households at or below 80 percent of Area Median Family Income (AMFI).

SECTION 2. Amends Subchapter A, Chapter 35, Utilities Code, by adding Section 35.0022, as follows:

Sec. 35.0022. COMPREHENSIVE EMERGENCY OPERATIONS AND WEATHERIZATION PLAN. (a) Requires the independent organization certified under Section 39.151 (Essential Organizations) for the ERCOT power region, not later than January 1 of each year, to prepare and deliver to the PUC a comprehensive emergency operations and weatherization plan that includes:

- (1) emergency operations plans currently on file with the organization;
- (2) declarations of completion of weatherization preparations from all electric generation entities in the ERCOT power region; and
- (3) relevant seasonal assessments of resource adequacy, including projected resource capabilities, peak demand forecasts, and expected unit outage forecasts.

(b) Requires the PUC to analyze each emergency operations plan developed by the independent organization certified under Section 39.151 for the ERCOT power region and prepare a report on emergency operations and weatherization preparedness in this state that includes recommendations for improving the emergency operations plan, if any.

(c) Requires the PUC to submit the report described by Subsection (b) to the lieutenant governor, the speaker of the house of representatives, and the members of the legislature not later than September 1 of each year.

(d) Provides that emergency operations plans described by Subsection (a)(1) are public information except for the portions of the plans considered confidential under Chapter 552 (Public Information), Government Code, or other state or federal law.

SECTION 3. Amends Subchapter A, Chapter 35, Utilities Code, by adding Section 35.0023, as follows:

Sec. 35.0023. IDENTIFICATION OF CRITICAL CARE CUSTOMERS WITH BACKUP GENERATION. Requires the PUC to coordinate with electric utilities to

identify critical care customers who have backup generation and who are capable of being curtailed in the event of firm load shed.

SECTION 4. Amends Subchapter D, Chapter 38, Utilities Code, by adding Section 38.074, as follows:

Sec. 38.074. WEATHER EMERGENCY PREPAREDNESS. (a) Defines "extreme weather emergency."

(b) Requires the PUC by rule to require each electric cooperative, municipally owned utility, and transmission and distribution utility providing transmission or distribution service in the ERCOT power region to:

(1) implement measures to prepare facilities to maintain service quality and reliability during an extreme weather emergency;

(2) make reasonable efforts to prevent service interruptions during an extreme weather emergency;

(3) reestablish service in the shortest possible time period after a service interruption that occurs due to an extreme weather emergency; and

(4) make reasonable efforts to manage emergencies caused by service interruptions during extreme weather emergencies, including issuing instructions to employees on procedures to be followed in the event of an extreme weather emergency.

(c) Requires that the rules address service for all neighborhoods, rural areas, communities of fewer than 1,000 people, and low-income areas in the ERCOT power region.

(d) Authorizes the PUC to impose an administrative penalty on an entity, including a municipally owned utility or an electric cooperative, that violates a rule adopted under this section in the manner provided by Chapter 15.

(e) Requires that rural areas have the meaning assigned in Section 12.046(a)(2), Agriculture Code.

(f) Requires that low-income area mean a neighborhood that has at least 52 percent of its households at or below 80 percent of Area Median Family Income (AMFI).

(g) Requires the PUC, notwithstanding any other provision of Subtitle B (Electric Utilities), to allow a transmission and distribution utility to design and operate a load management program for nonresidential customers to be used during extreme weather where the independent organization certified under Section 39.151 for the ERCOT power region has declared an emergency. Requires a transmission and distribution utility implementing a load management program under this subsection to be permitted to recover the reasonable and necessary costs of the load management program under Chapter 36 (Rates). Provides that a load management program operated under this subsection is not considered a competitive service.

SECTION 5. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.918, as follows:

Sec. 39.918. COMMUNICATION DURING EXTREME WEATHER EMERGENCY. Requires the PUC by rule to establish best practices for the PUC, the independent organization certified under Section 39.151 for the ERCOT power region, and market participants to use when communicating with the public during an extreme weather

emergency, as defined by Section 35.0021. Requires that the best practices include practices for communicating in multiple languages and with multiple methods.

SECTION 6. Amends Subchapter A, Chapter 186, Utilities Code, by adding Section 186.008, as follows:

Sec. 186.008. EMERGENCY OPERATIONS PLAN AUDITS. (a) Requires the PUC by rule to develop a procedure for auditing emergency operations plans developed by electric utilities, as defined by Section 31.002 (Definitions); power generation companies, as defined by Section 31.002; municipally owned utilities, as defined by Section 11.003 (Definitions); electric cooperatives; retail electric providers, as defined by Section 31.002; and the independent organization certified under Section 39.151 for the ERCOT power region.

(b) Requires that the procedure for auditing emergency operations plans require an entity described by Subsection (a) to file an updated emergency operations plan if the PUC finds that the entity's emergency operations plan on file does not contain adequate information to determine whether the entity can provide adequate services during an emergency, and ensure that the plans will allow each generation facility in the plan to meet minimum reliability standards or guidelines adopted by the North American Electric Reliability Corporation in or before 2021.

SECTION 7. Requires the PUC to adopt the rules required by Sections 35.0021 and 38.074, Utilities Code, as added by this Act, not later than November 1, 2021.

SECTION 8. Effective date: upon passage or September 1, 2021.