



Legislative UPDATE

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PUC Proposes Its First Set of Rules for Weatherization of Electric Utilities

On September 10, 2021, the Public Utility Commission (PUC) published its [proposed rules](#) relating to weather emergency preparedness with a quick public comment turnaround. The comment period closed on September 16, 2021.

The rules are the first of two phases to implement weather emergency preparedness reliability standards. The currently proposed rules include measures for generation entities and transmission service providers in the Electric Reliability Council of Texas (ERCOT) power region, as required by S.B. 3. The League previously reported on S.B. 3 [here](#).

The PUC staff will conduct a public hearing on the rulemaking on **September 20, 2021, at 9:30 a.m.** in the Commissioners' Hearing Room, 7th floor, William B. Travis Building, *if requested in accordance with state law*. The request for a public hearing must be received by **September 16, 2021**.

Post-Session Update: Application of Certain State Statutes to Cities Based on Population

With 2020 census data now available, Texas cities have seen shifts in their population numbers – some more significant than others. These population shifts have the potential to subject cities to new state statutes that apply only to cities with certain populations. Due to the passage of [H.B. 2025](#) during the regular session of the 87th Texas Legislature, state statutes will continue to apply to cities as they did pre-census until September 1, 2023. That is because, as the House Research Organization [bill analysis](#) on H.B. 2025 points out, the legislature was unable to update population brackets limiting applicability of certain statutes during the 2021 regular session due to the delayed census data.

Some Texas statutes apply only to cities that have reached certain population thresholds. For instance, a city with a population of 48,000 or more is required to post a meeting agenda on the city’s Internet website. *See* TEX. GOV’T CODE § 551.056(c). With regard to property taxes, cities under 30,000 population have the flexibility to calculate a “de minimis tax rate” that serves as the trigger rate for an automatic election to approve a tax rate. *See* TEX. TAX CODE § 26.07. Elsewhere, Local Government Code Chapter 145 requires specific financial disclosures by city officials in cities with populations of 100,000 or more. There are numerous other state statutes like these that apply only to cities with certain populations.

H.B. 2025 provides that a statute that applies to a city having a certain population according to the most recent federal census: (1) continues to apply to the same cities to which the statute applied under the 2010 federal census, regardless of whether the cities continue to have the population prescribed by the statute according to the 2020 federal census; and (2) does not apply to a city to which the statute did not apply under the 2010 federal census, regardless of whether the city has the population prescribed by the statute according to the 2020 federal census. H.B. 2025 expires on September 1, 2023.

What exactly does this mean? Even if the city’s population changed in the 2020 census, the city is still treated as having its 2010 population for purposes of the applicability of state statutes until September 1, 2023. After that date, state statutes will apply to cities based upon their populations under the 2020 census. This delay gives the legislature time to update population brackets in state statute during the 2023 legislative session.

TCEQ Adopts Alternative Language Notice Requirements

On September 10, 2021, the Texas Commission on Environmental Quality (TCEQ) [adopted rules](#) that require certain proceedings and applications for TCEQ permits be translated in an alternative language. Specifically, the rules apply to: (1) all air quality permit applications; and (2) water quality or waste permit applications when the closest elementary or middle school nearest to the facility or proposed facility is required by Texas law to provide a bilingual education program. The rules apply only to applications declared by the executive director of TCEQ to be administratively complete on or after May 1, 2022.

Additionally, applicants required to publish an alternative language notice of their permitting action are also required to: (1) translate notice of any public meeting for the applications; (2) provide professional interpretation services at any public meeting; and (3) translate certain information related to a contested case hearing. The required translations will likely result in additional costs for cities seeking these permits.

DIR Adopts Technical Standards on Videoconferencing Calls

The Texas Department of Information Resources (DIR) is required under state law to specify the minimum standards for audio and video signals for meetings that are held by videoconference. To that end, DIR has established these [standards](#) to offer technical and operational guidance for governmental bodies hosting an open meeting by videoconference in compliance with the Open Meetings Act. The League has also prepared a memo on videoconferencing procedures, available [here](#).

TCEQ Seeks Stakeholder Input on Upcoming Rulemaking Related to Onsite Sewage Facilities

TCEQ is holding five virtual stakeholder meetings in September and October to present and take comments on rulemaking for on-site sewage facilities and occupational licenses and registrations.

Stakeholder meetings are an opportunity to provide informal comments before formal rulemaking begins. These meetings resulted from petitions that seek to amend rules in Title 30, Texas Administrative Code, Chapters 285 and 30 to:

- Make OSSF regulations more consistent with industry terminology and standards.
- Help identify responsible parties, including definitions of TCEQ licensed individuals.
- Create a new licensing and registration program for sludge pumpers.

More information can be found [here](#).

City-Related Bills Filed

Property Tax

[3H.B. 32 \(Slaton\)](#) – **Border Security Tax Credit**: would: (1) entitle an owner of property to a credit against the taxes imposed in a tax year on that property by a taxing unit if the owner: (a) is a United States citizen residing in the state or a business entity whose principal office is located in the state; and (b) donates money to the state in support of border security efforts; (2) provide that the amount of the credit to which a property owner is entitled is equal to the lesser of: (a) the total amount of money the property owner donated to the state in support of border security efforts

during the preceding 12-month period; or (b) the total amount of taxes imposed on the property by all of the taxing units that tax the property; (3) provide that the amount of the credit must first be applied against the taxes imposed on the property by the school district in which the property is located, with any remaining credit being applied proportionally against the taxes imposed by each other taxing unit in which the property is located; and (4) entitle a taxing unit to a border security tax credit reimbursement payment from the state for a tax year for which the chief appraiser of the appraisal district in which the taxing unit participates approves an application for a credit. (See **3H.J.R. 1**, below.)

3H.J.R. 1 (Slaton) – **Border Security Tax Credit**: would amend the Texas Constitution to, among other things: (1) authorize the legislature to provide that a person who makes a donation to the state for the purpose of border security is entitled to a credit against the property taxes imposed on property that the person owns in an amount equal to the lesser of the amount of the donation or the amount of taxes imposed; and (2) provide that the legislature may authorize the use of state money to reimburse a political subdivision for the revenue loss incurred as a result of the tax credit authorized in (1), above, and shall provide a procedure for distributing the money appropriated for that purpose. (See **3H.B. 32**, above.)

3S.B. 24 (Hall) – **Property Tax Freeze**: would, among other things, for a city that has adopted a property tax freeze for the elderly or disabled, repeal the provision authorizing the city to increase the amount of taxes on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by improvements made to the property. (See **3S.J.R. 6**, below.)

3S.B. 25 (Hall) – **Property Tax Appraisal**: would repeal the additional property taxes imposed as a result of the sale or change in the use of land appraised as agricultural land, timber land, recreational, park, and scenic land, and public access airport property. (See **2S.J.R. 7**, below.)

3S.J.R. 6 (Hall) – **Property Tax Freeze**: would amend the Texas Constitution to repeal the provision authorizing a city that has adopted a property tax freeze for homesteads of elderly or disabled property owners to increase the amount of taxes on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by improvements made to the property. (See **3S.B. 24**, above.)

3S.J.R. 7 (Hall) – **Property Tax Appraisal**: would amend the Texas Constitution to repeal the additional property taxes imposed as a result of the sale or change in the use of land appraised as agricultural land, timber land, recreational, park, and scenic land, and public access airport property. (See **3S.B. 25**, above.)

Public Safety

3H.B. 49 (Reynolds) – **Law Enforcement Agencies**: would provide, among other things, that: (1) a law enforcement agency of a city or county shall adopt a policy requiring a peace officer to participate in at least eight hours of community events in the city or county not later than the 60th day after the date the peace officer begins employment with the agency; (2) a law enforcement agency may grant an extension of the period described in (1) based on reasonable grounds; (3) the

Texas Commission on Law Enforcement (TCOLE) shall establish and administer a grant program through which eligible cities and counties may apply for a grant to provide increased compensation to peace officers employed by a law enforcement agency based on the extent to which the peace officers employed by the law enforcement agency of the applicant city or county: (a) hold a bachelor's degrees or higher; (b) reside in the applicable city or county; and (c) have received certificates of distinction for certain achievements, including performing more than 40 hours of community service, completing more than 50 hours of continuing education programs, or providing more than 25 hours of instruction in continuing education programs; (4) TCOLE shall annually evaluate each law enforcement agency of a city or county for professionalism based on the following criteria and any additional criteria TCOLE adopts by rule: (a) whether at least half of the peace officers of the agency reside in the applicable city or county; (b) whether the peace officers of the agency in supervisory positions hold bachelor's degrees or higher; (c) the peace officers of the agency each perform 30 or more hours of community service annually; (d) the agency has a citizens academy or youth enrichment program; and (e) the peace officers of the agency are certified as special officers for offenders with mental impairments; (5) TCOLE may establish and administer a grant program to award grants to agencies that receive positive evaluations; (6) as part of the minimum curriculum requirements, TCOLE shall require an officer to complete a training program on implicit bias that consists of not less than eight hours of training; and (7) as part of the continuing education programs, a peace officer must complete a training and education program developed by TCOLE that includes not less than: (a) four hours of training on implicit bias; and (b) eight hours of training on de-escalation and crisis intervention techniques.

3H.B. 50 (Reynolds) – **Civilian Complaint Review Boards**: would, among other things, create in a city with a population of 500,000 or more, a municipal civilian complaint review board to investigate complaints alleging peace officer misconduct involving: (1) excessive use of force; (2) improper use of power to threaten, intimidate, or otherwise mistreat a member of the public; (3) a threat of force; (4) an unlawful act, search, or seizure; or (5) other abuses of authority.

3H.B. 52 (Reynolds) – **Office of Law Enforcement Oversight**: would, among other things: (1) create the Office of Law Enforcement Oversight (Office) as a state agency for the purpose of monitoring the operations of law enforcement agencies in Texas and the use of force practices of those agencies; (2) provide that if the director of the Office determines that, based on complaints and other evidence, there is a pattern of excessive force at a law enforcement agency, conduct an investigation into the agency's use of force practices; (3) if the investigation described by (2) substantiates the alleged pattern of excessive force, request the appropriate district or county attorney to bring an action to institute reforms to the agency's use of force practices; (4) the Office may inspect or review without notice any part of a facility of a law enforcement agency under investigation or any operation, policy, procedure, record, or log of the agency relating to: (a) a complaint received by the Office; (b) the use of force against an individual; (c) the internal investigations process of the agency; and (d) employee or officer recruitment, training, supervision, or discipline; and (5) waive sovereign or governmental immunity to the extent necessary to enforce the provisions of the bill.

3H.B. 55 (Reynolds) – **Bail Release**: would, among other things: (1) provide that the Office of Court Administration shall develop an automated pretrial risk assessment system for use in setting bail and make the system available to judges and other magistrates in this state at no cost to a

county, municipality, or magistrate; and (2) require the Office to also make available nonautomated pretrial risk assessment instruments to judges and other magistrates in this state at no cost to a county, municipality, or magistrate.

Elections

3H.B. 13 (Schofield) – **Inapplicability of Federal Law to State and Local Elections:** would, among other things, provide that a federal election is a separate election from any other election in Texas, and that, to the extent feasible, a federal election and a state or local election shall be held separately and concurrently using the same precincts and polling locations.

3H.B. 41 (Reynolds) – **Voter Registration:** would, among other things: (1) provide that an election officer serving a polling place for early voting by personal appearance is a deputy voter registrar and has the same authority as a regular deputy registrar; (2) require two voter registrars to be present at each polling place while the polls are open; (3) provide that a person who would be eligible to vote in an election but for the requirement to be a registered voter must be accepted during voting by personal appearance for voting the ballot for the precinct of the person's residence as shown by the identification presented if the person: (a) submits a voter registration application that complies with state law to an election officer at the polling place; and (b) presents as proof of residence a form of photo identification that complies with state law and states the person's current address; (4) require the election officer to return the original proof of residence to the voter; and (5) require a person voting under (3), above, to vote a provisional ballot in accordance with state law, except that the person is not required to submit an affidavit stating the person is a registered voter and is eligible to vote in the election.

3H.B. 43 (Reynolds) – **Voter Identification:** would, among other things, eliminate the photo identification requirement and expand the types of documentation that are considered acceptable forms of identification for purposes of voting.

3H.B. 44 (Reynolds) – **Election Day Holiday:** would designate the first Tuesday after the first Monday in November of an even-numbered year as a state holiday.

3S.B. 18 (Hall) – **Polling Place Management:** would, among other things: (1) define "election period" as the period beginning on the first day of early voting by personal appearance and ending when the polls close on election day; (2) require, immediately before opening the polls for voting on the first day of the election period, the presiding election judge to confirm that each voting machine has any public counter reset to zero and must print the zero tape: (a) that shows the counter was set to zero; and (b) that shows the summary for each candidate and measure on the ballot for each voting machine is set to zero; (4) require, immediately after closing the polls for voting on the last day of the election period, the presiding election judge to print the results tape to show the summary of votes for each candidate or ballot measure for each voting machine at that polling location; (5) require the precinct election judge, and an election official aligned with a different political party, to sign the tape printed; (6) expand the period for early voting by personal appearance for an election by beginning on the 14th, rather than the 17th, day before election day and continue through the opening of the polls on election day, rather than the 4th day before election day; except that an election held on the uniform election date in May and any resulting

runoff election, the period for early voting by personal appearance begins on the 10th, rather than the 12th, day before election day and continues through the opening of the polls on election day, rather than the 4th day before election day; and (7) require a piece of electronic voting machine equipment that fails and taken out of service during the election period to be securely isolated, including any associated memory card, until the end of the election period.

3S.B. 21 (Hall) – **Inapplicability of Federal Law to State and Local Elections:** would, among other things, provide that a federal election is a separate election from any other election in Texas, and that, to the extent feasible, a federal election and a state or local election shall be held separately and concurrently using the same precincts and polling locations.

Other Finance and Administration

3H.B. 14 (Toth) – **COVID-19 Vaccination:** would prohibit a state agency or political subdivision from entering into a contract with a company for goods or services unless the contract contains a written verification from the company that it does not, and will not during the term of the contract, require, as a condition of employment, an employee to receive any vaccination.

3H.B. 18 (Toth) – **COVID-19 Vaccination:** would provide, among other things, that an employer commits an unlawful employment practice if the employer fails or refuses to hire, discharges, or otherwise discriminates against an individual with respect to the compensation or the terms, conditions, or privileges of employment because the individual has not received an immunization or vaccine.

3H.B. 27 (Slaton) – **Monuments and Memorials:** would, among other things: (1) provide that a monument or memorial located on city property: (a) for at least 40 years may not be removed, relocated, or altered; (b) for at least 20 years but less than 40 years may be removed, relocated, or altered only by approval of a majority of the voters of the city at an election held for that purpose; or (c) for less than 20 years may be removed, relocated, or altered only by the governing body; and (2) define “monument or memorial” as used in (1) to mean a permanent monument, memorial, or other designation, including a statute, portrait, plaque, seal, symbol, cenotaph, building name, bridge name, park name, area name, or street name, that honors an event or person of historic significance.

3H.B. 33 (Slaton) – **COVID-19 Vaccination:** would: (1) make it a Class B misdemeanor for a company or hospital to require, as a condition of employment, an employee to receive a COVID-19 vaccination; and (2) provide that a company that is convicted of an offense under (1), above, is not eligible to hold a license until the fifth anniversary of the date of the conviction, and a state agency or political subdivision shall revoke a license issued to a company that is ineligible to hold the license.

3H.B. 34 (Collier) – **Unlawful Restraint of Dog:** would, among other things: (1) prohibit and create an offense for the unlawful restraint of a dog; and (2) provide that the prohibition in (1) does not preempt a local regulation relating to the restraint of a dog or affect the authority of a political subdivision to adopt or enforce an ordinance or requirement relating to the restraint of a dog if the

regulation, ordinance, or requirement: (a) is compatible with and equal to, or more stringent than, the prohibition; or (b) relates to an issue not specifically addressed by the prohibition.

3H.B. 36 (Noble) – **Abortion**: would: (1) provide that a governmental entity may not enter into a taxpayer resource transaction, appropriate money, or spend money to provide to any person logistical support for the express purpose of assisting a woman with procuring an abortion or the services of an abortion provider; and (2) authorize the attorney general to enjoin a violation of the prohibition in (1).

3S.B. 11 (Hall) – **COVID-19 Vaccination**: would, among other things: (1) prohibit a governmental entity from requiring an individual to provide any documentation certifying the individual’s COVID-19 vaccination or post-transmission recovery on entry to, to gain access to, or to receive service from the governmental entity; and (2) provide that an employer commits an unlawful employment practice if the employer fails or refuses to hire, discharges, or otherwise discriminates against an individual with respect to the compensation or the terms, conditions, or privileges of employment because the individual has not received an immunization or vaccine.

3S.B. 14 (Hall) – **COVID-19 Vaccination**: would: (1) prohibit a governmental entity from implementing, ordering, or otherwise imposing a mandate requiring an individual to be vaccinated against COVID-19; and (2) authorize an individual who is subject of a violation of (1), above, to bring an action in district court for injunctive relief and allow the claimant to recover reasonable expenses in bringing the action, including court costs, attorney’s fees, investigation costs, witness fees, and deposition expenses.

3S.B. 26 (Hall) – **Community Censorship**: would: (1) prohibit a political subdivision from spending public funds to: (a) hire an individual required to register as a lobbyist for the purpose of lobbying a member of the Texas legislature; or (b) pay a nonprofit state association or organization that: (i) primarily represents political subdivisions; and (ii) hires or contracts with an individual required to register as a lobbyist; (2) provide that if a political subdivision engages in activity prohibited by (1), above, a taxpayer or resident of the political subdivision is entitled to injunctive relief to prevent any further prohibited activity or any further payments of public funds; and (3) provide that a taxpayer or resident who prevails in an action under (2), above, is entitled to recover reasonable attorney’s fees and costs from the political subdivision.

Personnel

3H.B. 37 (Noble) – **COVID-19 Vaccination**: would, among other things: (1) require an employer, labor organization, or employment agency to allow an individual to claim an exemption from a required COVID-19 vaccination based on a medical condition or reasons of conscience, including a religious belief; (2) provide that an employer commits an unlawful employment practice if the employer fails or refuses to hire, discharges, or otherwise discriminates against an individual with respect to the compensation or the terms, conditions, or privileges of employment because the individual claims an exemption under (1), above; and (3) require an employee claiming an exemption for a required COVID-19 vaccination to complete and provide to the employee’s employer an affidavit on a form developed by the Texas Workforce Commission stating the reason for the exemption.

3H.B. 39 (Noble) – **COVID-19 Vaccination:** would provide, among other things, that: (1) an employer commits an unlawful employment practice if the employer fails or refuses to hire, discharges, or otherwise discriminates against an individual with respect to the compensation or the terms, conditions, or privileges of employment because the individual has not received a COVID-19 vaccine; and (2) an employer is not liable for a claim arising from exposure to COVID-19 on the basis that the employer, failed to require an individual to receive a COVID-19 vaccine.

3H.B. 46 (Reynolds) – **Minimum Wage:** would provide that an employer, including a city, shall pay to each employee not less than the greater of: (1) \$15.00 an hour; or (2) the federal minimum wage (currently \$7.25 an hour).

3H.B. 47 (Reynolds) – **Paid Sick Leave:** would require, among other things, that certain employers provide paid sick leave to each of their employees.

3S.B. 12 (Hall) – **Workers' Compensation:** would provide that an employee who suffers an injury caused by an adverse reaction to a COVID-19 vaccine resulting in disability or death is presumed to have suffered the injury during the course and scope of employment if the employee was required to receive the vaccine as a condition of employment.

3S.B. 13 (Hall) – **COVID-19 Vaccination:** would: (1) prohibit a governmental entity from implementing, ordering, or otherwise imposing a mandate requiring an individual, other than an employee of the governmental entity, to be vaccinated against COVID-19; (2) prohibit a governmental entity from denying an employee an exemption from a required COVID-19 vaccination based on a medical condition or reasons of conscience, including a religious belief; and (3) authorize an individual or employee who is subject of a violation of (1) or (2), above, to bring an action in district court for injunctive relief and allow the claimant to recover reasonable expenses in bringing the action, including court costs, attorney's fees, investigation costs, witness fees, and deposition expenses.

Utilities and Environment

3H.B. 11 (Zwiener) – **Critical Infrastructure Resiliency:** would, among other things: (1) create a critical infrastructure resiliency fund that may be used by the Texas Division of Emergency Management (TDEM) only to: (a) make a grant to an eligible entity under the bill; and (b) pay the necessary and reasonable expenses of administering the fund; (2) create the electric grid improvement account as part of the infrastructure resiliency fund, which may be used only to make matching grants to eligible entities for hardening and weatherizing the electric grid, including: (a) installing advanced meter infrastructure and demand response technology; (b) improving load shed capabilities; (c) incentivizing customers to engage in distributed energy production and energy efficiency measures; (d) installing electric energy storage; and (e) weatherizing facilities; (3) provide that an entity is eligible to receive a matching grant under (2) only if the entity is: (a) a municipally owned electric utility; (b) an electric cooperative; (c) a transmission and distribution utility; or (d) a vertically integrated utility; (4) provide that in making grants under (2), TDEM may consult with the Public Utility Commission and shall consider: (a) the expected number of individuals who will benefit from the project; (b) existing infrastructure and overall need for the

project; (c) the potential benefit of the project to: (i) low-income communities; and (ii) areas in disparate parts of the state; (d) the equitable distribution of grants throughout the state; (e) the existence of matching federal funds for the project and whether available federal funds have been exhausted; and (f) the total impact of the project on the resiliency of the state's electric grid; (5) create a hospital infrastructure resiliency account as part of the infrastructure resiliency fund, which may be used only by eligible entities, including a hospital owned by a city, for purchasing reserve power supply that is reliable during an extreme weather event, such as on-site generation and energy storage systems, necessary to sustain critical medical care; (6) provide that a "project" for the Texas Water Assistance Program includes any undertaking or work to provide for the weatherization of water and wastewater facilities; (7) provide that the water loan assistance fund administered by the Texas Water Development Board (TWDB) may be used to provide grants for projects to harden and weatherize water and wastewater systems in the state, including: (a) covering wells; (b) purchasing reserve power supply, such as on-site generation and energy storage systems; and (c) building connectivity to neighboring water suppliers; (8) require the TWDB to consider, in awarding a grant under (7): (a) the expected number of individuals who will benefit from the project; (b) existing infrastructure and overall need for the project; (c) the potential benefit of the project to: (i) low-income communities; and (ii) areas in disparate parts of the state; (d) the equitable distribution of grants throughout the state; (e) the existence of matching federal funds for the project and whether available federal funds have been exhausted; and (f) the total impact of the project on the state's resiliency; and (9) require the TWDB to condition each grant awarded under (7) on the grant recipient providing funds from non-state sources in a total amount at least equal to ten percent of the grant amount, with at least five percent of the recipient's match coming from local sources.

3H.B. 58 (Reynolds) – **Electricity**: would, among other things: (1) provide that a retail electric customer is entitled to participation in demand response programs through retail electric providers and demand response providers; and (2) require municipally owned electric utilities, electric cooperatives, and retail electric providers to periodically provide together with bills sent to the customers, information about the procedure for a residential or commercial customer to participate in a voluntary demand response program through the electric utility or a demand response provider to reduce electricity use during times of peak demand, including during an involuntary load shedding event.

3H.B. 59 (Reynolds) – **Energy Efficiency Goals**: would: (1) require each electric utility to meet an annual energy savings goal of: (a) one-fourth of one percent annual energy savings in the 2022 calendar year; (b) one-half of one percent annual energy savings in the 2023 calendar year; (c) three-fourths of one percent annual energy savings in the 2024 calendar year; and (d) one percent annual energy savings beginning with the 2025 calendar year; (2) require the Public Utility Commission to adopt rules to provide a method to establish each utility's annual savings goal under (1) that must be based on the existing and expected usage of electricity delivered in a utility's service area that is required to pay the annual energy efficiency cost recovery fee; and (3) provide that in adopting the rules under (2), the PUC may provide for cost caps for the implementation of (1) and provide good cause exceptions for a utility that is unable to meet the goal in a cost-effective manner.

3H.B. 63 (Reynolds) – **Public Utility Commission/Energy Blackouts:** would require: (1) the Public Utility Commission to adopt rules to develop a process for obtaining emergency reserve power generation capacity as appropriate to prevent blackout conditions caused by shortages of generated power in the ERCOT power region; (2) the rules in (1) to provide: (a) parameters for estimating the amount of emergency reserve power generation capacity necessary to prevent blackout conditions; and (b) mechanisms for equitably sharing the costs of making the reserve capacity available and the costs of generated power provided to prevent blackout conditions; (3) an independent organization for the ERCOT power region to adopt procedures and enter contracts as necessary to ensure the availability of a defined amount of emergency reserve power generation capacity the organization may call on to prevent blackouts caused by shortages of generated power; and (4) the independent organization to use all other sources of power and demand reduction available before the independent organization calls on the emergency reserve power generation capacity to prevent blackout conditions.

3H.B. 64 (Reynolds) – **Interconnection of Transmission Facilities:** would require the Public Utility Commission to: (1) identify transmission facilities in ERCOT that may be interconnected with transmission facilities outside of ERCOT for the purpose of allowing federal regulation of transmission service and wholesale power sales in ERCOT; and (2) require an electric utility, municipally owned utility, or electric cooperative that owns a transmission facility identified in (1) to make requests, obtain approvals, enter into contracts, and construct facilities as necessary to interconnect the facility with a transmission facility outside of ERCOT.

3S.B. 23 (Hall) – **Resilience of Electric Grid:** would, among other things: (1) create the Texas Grid Security Commission to, among other things, evaluate all hazards to the ERCOT grid, including threats which can cause future blackouts; (2) define “all hazards” as: (a) terrestrial weather including wind, hurricanes, tornadoes, flooding, ice storms, extended cold weather events, heat waves, and wildfires; (b) seismic events including earthquakes and tsunamis; (c) physical threats including terrorist attacks with direct fire, drones, explosives, and other methods of physical sabotage; (d) cyber-attacks including malware attacks and hacking of unprotected or compromised information technology networks; (e) manipulation of operational technology devices including sensors, actuators, and drives; (f) vulnerabilities regarding installed generation capacity located in, or capable of delivering electricity to, the state; (g) electromagnetic threats through man-made radio frequency weapons, high altitude nuclear electromagnetic pulse, and naturally occurring geomagnetic disturbances; (h) electric generation supply chain vulnerabilities including insecure or inadequate fuel transportation or storage; and (i) insider threats caused by compromised or hostile personnel working within government or the utility industry; (3) require the Texas Grid Security Commission to prepare and deliver to the legislature a plan for protecting the ERCOT grid from all hazards, including a catastrophic loss of power; (4) except as provided for in (5), preempt a city or other political subdivision from enacting or enforcing an ordinance or other measure that bans, limits, or otherwise regulates inside the boundaries or extraterritorial jurisdiction of the city or political subdivision a micro-grid that is certified by the Texas Grid Security Commission; (5) provide that the owner or operator of a micro-grid certified by the Texas Grid Security Commission is a power generation company and is required to register Texas law and the owner or operator of the micro-grid is entitled to: (a) interconnect the micro-grid; (b) obtain transmission service for the micro-grid; and (c) use the micro-grid to sell electricity and ancillary services at wholesale in a manner consistent with the bill and Public Utility Commission rules

applicable to a power generation company or an exempt wholesale generator; (6) require the Texas Grid Security Commission to establish resilience standards for cities in the following essential services areas: (a) emergency services; (b) communication systems; (c) clean water and sewer services; (d) health care systems; (e) financial services; (f) energy systems; and (g) transportation services; and (7) provide that the Texas Grid Security Commission may designate a city that meets the resiliency standards in five of the seven service areas in (6) as a Five Star Gold Resilient Community.

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