

Improving Electric Grid Resiliency and Reliability

KEY TAKEAWAYS

- The 2024 Panhandle wildfires caused more than \$1 billion in losses and the largest fire was ignited by a decayed power pole. **Exceptional Item #2** covers contract costs to implement laws the Legislature passed in response – HB 144, HB 145, and SB 1789 – which mitigate wildfire risks and make the grid more resilient.
- Hospitals, police stations and nursing homes require dependable power during emergencies. **Exceptional Item #8** authorizes 11 FTEs to administer the Texas Energy Fund's Texas Backup Power Package Program (TBPPP), which provides grants for multi-day battery backup at critical community facilities like these, making the grid more reliable.

BACKGROUND

During the 89th Legislative Session, legislators passed a package of bills to address wildfire response and prevention in response to the destructive 2024 Panhandle wildfires, the largest of which was caused by a decayed, unreplaced utility pole. **HB 145** requires electric utilities to prepare and follow wildfire risk-mitigation plans, and in exchange gives providers that comply certain liability protections while creating administrative penalties for those that don't. **HB 144** requires electric utilities - including investor-owned, cooperative and municipal utilities - to file transmission and distribution pole inspection and management plans with the PUCT and report on them regularly. **SB 1789** directs PUCT to set structural-integrity standards for electric transmission and distribution poles and requires utilities to inspect, maintain, remediate and replace those poles. It also includes additional reporting to PUCT and allows the Commission to reduce a non-compliant utility's return on equity for weather-related repairs.

Exceptional Item #2 provides the contract costs the Commission needs to implement these three bills. With these resources, the PUCT can carry out the Legislature's goal of better protecting Texans from wildfire risk and make our electric grid more resilient.

SB 2627, passed in the 88th Legislative Session, created the Texas Energy Fund (TEF) to support the construction, maintenance, modernization and operation of electric generating facilities. It also established the Texas Backup Power Package Program (TBPPP), funded through the TEF, which provides funding for multi-day backup power at critical facilities like police stations, hospitals, nursing homes and more.

Exceptional Item #8 requests authorization and salaries for 11 FTEs to support the TBPPP. Distributed energy resources (DERs) that include powerful battery energy storage systems like those granted through the TBPPP are a critical component of an "all of the above and below" energy strategy that makes our grid more reliable and resilient. PUCT anticipates a large number of applicants for the program. Dedicating FTEs to the TBPPP ensures the agency has the staff to effectively manage this program.

PROPOSED ACTION

Texas 2036 supports the adoption of **Exceptional Item #2** which would provide funding for implementation of HB 145 from the 89th Legislative Session related to wildfire mitigation plans as well as the implementation of HB 144 and SB 1789 relating to distribution pole management and inspection plans.

Texas 2036 also supports the PUCT's **Exceptional Item #8** which requests the addition of 11 FTEs to its FTE cap and corresponding salary costs for work on the Texas Backup Power Package Program (TBPPP).

BUDGET COST ESTIMATE

The PUCT estimates Exceptional Item #2 to cost \$2,304,608 each fiscal year of the biennium.

The PUCT estimates Exceptional Item #8 to cost \$1,111,024 each fiscal year of the biennium, to be covered by the provision for administrative costs within the Texas Energy Fund.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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