

- SUBJECT:** Establishing an advisory council on electric grid security
- COMMITTEE:** State Affairs — committee substitute recommended
- VOTE:** 8 ayes — Phelan, Guerra, Harless, Holland, Hunter, P. King, Raymond, Springer
- 0 nays
- 5 absent — Hernandez, Deshotel, Parker, E. Rodriguez, Smithee
- SENATE VOTE:** On final passage, April 3 — 31-0
- WITNESSES:** *On House companion bill, HB 3378:*
- For — Julie Rathgeber, Association of Electric Companies of Texas; Tom Glass, Protect the Texas Grid; (*Registered, but did not testify:* Isaac Albarado, AEP Texas; Tami Miller, CenterPoint Energy; Bill Lauderback, Lower Colorado River Authority; Jessica Oney, NRG Energy; James Dickey, Republican Party of Texas; Katie Coleman, Texas Association of Manufacturers; Monty Wynn, Texas Municipal League; Russell T. "Russ" Keene, Texas Public Power Association; Brent Chaney, Vistra Energy)
- On — (*Registered, but did not testify:* Cheryl Mele, Electric Reliability Council of Texas; Thomas Gleeson, Public Utility Commission)
- Against — None
- DIGEST:** CSSB 475 would establish the Texas Electric Grid Security Council as an advisory body to facilitate the development and dissemination of best security practices for the electric industry, including the generation, transmission, and distribution of electricity.
- The council would be composed of:
- the commissioner of the Public Utility Commission, who would also serve as the presiding officer of the council;

- the chief executive officer of Electric Reliability Council of Texas (ERCOT) or a representative; and
- the governor or a representative designated by the governor.

Members of the council would not be entitled to compensation, but could be reimbursed for travel and other necessary expenses.

Members of the council could apply for a secret security clearance or an interim security clearance granted by the federal government. A member of the council would not be allowed to access to classified information or participate in council activities involving such information unless the member had a secret security clearance.

ERCOT would be required to:

- provide information and resources requested by the council;
- maintain nonclassified information obtained or created by the council and provide members access to it; and
- retain the nonclassified information for five years after the date the council obtained or created the information.

The council could consult and coordinate with:

- the Texas Division of Emergency Management;
- the U.S. Department of Energy;
- the U.S. Department of Homeland Security;
- the North American Electric Reliability Corporation;
- the Texas Reliability Entity;
- federal and state agencies;
- members of the electric industry; and
- grid security experts.

On request of the governor, the lieutenant governor, or the chairs of the House or Senate committees with jurisdiction over energy utility regulation, the council would have to issue to the requestor

recommendations regarding:

- the development of educational programs or marketing materials to promote the development of a grid security workforce;
- the development of grid security best practices;
- preparation for events that threatened grid security; and
- amendments to the state emergency management plan to ensure coordinated and adaptable response and recovery efforts after events that threatened grid security.

The council could prepare a report outlining grid security response efforts that did not involve classified or highly sensitive, company-specific information. If the council prepared the report, the council would be required to deliver the report to the governor, lieutenant governor, and the Legislature on or before the December 1 immediately preceding a regular legislative session.

The meetings of the council and any information obtained or created by it would not be subject to open meetings or public information laws.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.

SUPPORTERS  
SAY:

CSSB 475 would promote collaboration among electric utilities, generators, and regulators to ensure industry best security practices were shared. The electrical grid is increasingly interconnected, and while the increased connectivity leads to improved efficiency and grid performance, concerned parties note that it also increases the system's vulnerability to cyber threats and other threats. This bill would establish the first step in a process to help determine the best ways to harden the Texas grid against a variety of potential threats.

National reliability standards exist, and the electric industry has taken significant steps to secure the system, but rapidly evolving technology, the threat of a sophisticated attack, and the risks of a widespread outage make

clear that effective policies also must be developed to address these potential safety and security risks.

Texas is the only state in the lower 48 with an electric grid fully within its borders, making it appropriate for Texas to coordinate among its electric industry stakeholders. Although there are efforts underway to improve grid security, there is not enough coordination among the efforts. The bill would provide a way for electric utilities to collaborate, share information, and institute best security practices.

The bill should not be any more prescriptive or there could be a detrimental effect on the Texas Electric Grid Security Council's collaborative efforts. The bill's language is broad enough to allow the council to provide recommendations on any and all threats, including physical threats, cyber threats, an electromagnetic pulse, geomagnetic disturbances, and solar flares. The council's membership would include appropriate individuals who already hold the necessary security clearances. The bill simply would provide statutory permission to access confidential, company-specific information.

This bill would create an advisory body specifically for the electric industry to share, collaborate, communicate, and disseminate best security practices. The advisory body's duties would not relate to emergency management or public safety concerns, and another bill would be a better mechanism to address disaster preparedness.

OPPONENTS  
SAY:

CSSB 475 would not go far enough to address threats to the state's grid. The bill should be more prescriptive and require the Texas Electric Grid Security Council to provide recommendations on efforts needed to secure the grid against threats. By being permissive and vague, the bill could allow the electric industry to delay making necessary investments in grid hardening. The threats have been thoroughly studied, and the Legislature should require the industry to take action instead of gathering information.

The council would be too narrowly focused on physical and cyber threats to grid security when the greatest threats come from an electromagnetic

pulse or solar flares. The bill should require the council to take action on these threats specifically.

The Texas Division of Emergency Management should have a more active role on the council and in its activities. The bill should include a representative of the division on the council and require the council to evaluate emergency planning, response, and recovery efforts related to security threats.

Experts from the electric industry should be included on the council, rather than simply consulted, to ensure that they were included in any activities. The council also should include representatives from the military, at both the state and federal level, who are working on and knowledgeable about the issues.