

SUBJECT: Renting electric generation equipment on a wattage per hour basis

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 12 ayes — Paddie, Hernandez, Deshotel, Harless, Howard, Hunter, P. King, Metcalf, Raymond, Shaheen, Slawson, Smithee

0 nays

1 absent — Lucio

WITNESSES: For — Katie Coleman, Texas Association of Manufacturers; Tommy Reynolds, Warren Equipment Company; (*Registered, but did not testify*: Daniel Womack, Dow, Inc.; Mark Vane, Husch Blackwell Strategies; CJ Tredway, Independent Electrical Contractors of Texas; Julie Moore, Occidental Petroleum)

Against — None

On — (*Registered, but did not testify*: Connie Corona, Public Utility Commission of Texas)

DIGEST: CSHB 1572 would define "electric generation equipment lessor or operator" to mean a person who was compensated by a third party for renting or operating electric generation equipment that:

- was used on a site where the third party was unable to obtain sufficient electricity service;
- produced electricity on site to be consumed by the third party and not resold; and
- did not interconnect with the electric transmission or distribution system.

An electric generation equipment lessor or operator would not be considered an electric utility and would not be considered a retail electric utility based solely on the actions described in the bill.

The bill would take effect September 1, 2021.

**SUPPORTERS  
SAY:**

CSHB 1572 would allow an electric generation equipment lessor to rent out equipment on a wattage per hour basis in addition to the flat fee basis that is currently used. This would respond to customer concerns and requests and allow industries such as oil and gas and construction that rely on this equipment to operate more efficiently.

The ability to rent electric generation equipment on a wattage per hour basis, typically measured in kilowatts or megawatts, would provide much-needed flexibility to industries that sometimes operate on slim margins. These businesses are sophisticated consumers, and allowing them to rent equipment in the way they deem most efficient is an effective way to promote these vital industries in Texas. The ability to use a flat fee basis would still exist for lessors or lessees who prefer that.

The bill's provisions allow these equipment lessors to avoid Texas Public Utilities Commission certification requirements that in practice prevent these lessors from renting on a wattage per hour basis. Creating a distinction in statute between equipment lessors and electric utilities is appropriate because these lessors do not take power off the grid and sell it to a wide range of users. Instead, they generate power on-site, typically in an area without access to traditional means of providing power, and make it available to a single customer.

**CRITICS  
SAY:**

No concerns identified.