

BILL ANALYSIS

Senate Research Center
86R2935 BRG-D

S.B. 76
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Natural Resources & Economic Development
4/8/2019
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

While Texas' history with hurricanes, wildfires, ice storms, and critters has made the state well-prepared for short term outages of power, there has been no significant planning for a catastrophic long-term loss of the electric grid that could be the result of cyber, natural, or man-made causes. The very idea that a single event causing the loss of the electric grid could plunge the entire nation back into a time without electricity, cell phones or the Internet is so overpowering that it is easier to ignore the threat than to plan for it.

A prolonged power outage today would result in a complete breakdown in the fabric of society as we know it. Apart from the inconvenience of loss of power in a residential setting, an extended power outage has economy crippling financial implications. According to Blackout Tracker, United States Annual Report 2017, the price tag for 60 minutes of downtime for a commercial entity can exceed \$100,000 an hour. For some industries, the price is even higher. Delta Airlines lost over \$50 billion in revenue when power went out at the Atlanta airport in December 2017.

This bill would create a Grid Security Council (the "council") to be appointed by the governor, consisting of at least one representative from:

- the Public Utility Commission;
- ERCOT;
- the Texas Military Department;
- the Texas Division of Emergency Management;
- the State Office of Risk Management; and
- power generation companies.

The council would be required to make initial recommendations to the legislature before November 1, 2020, of vulnerabilities in the Texas electric grid to various threats, including cyber, physical, weather, solar storm, sabotage, and electromagnetic pulse.

The council would also be required to monitor a variety of economic, technological, and regulatory factors and would be required to prepare and submit a report to the legislature before each regular session regarding these developments and the progress that has been made in the state towards implementing the council's initial recommendations.

The council's initial recommendations would also have to include recommendations for any state agency rule changes, any legislation needed to accomplish the recommendations, and any management changes at certain state agencies.

As proposed, S.B. 76 amends current law relating to the security of the electric grid.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter Z, Chapter 39, Utilities Code, by adding Section 39.917, as follows:

Sec. 39.917. GRID SECURITY COUNCIL. (a) Requires the governor to appoint members of the grid security council (council). Requires council membership to include at least one representative of each of the following:

- (1) the Public Utility Commission of Texas (PUC);
- (2) the independent organization certified under Section 39.151 (Essential Organizations), Government Code, for the ERCOT power region;
- (3) the Texas Military Department (TMD);
- (4) the Texas Division of Emergency Management (TDEM);
- (5) the State Office of Risk Management (SORM); and
- (6) power generation companies.

(b) Requires the council to monitor economic, environmental, regulatory, and technological developments that may affect the security of the electric grid.

(c) Requires the council to prepare and submit a report to the legislature analyzing the developments listed in Subsection (b) and the progress made towards implementing the council's previous grid security recommendations not later than the November 1 preceding each regular session of the legislature.

(d) Requires the governor to designate a member of the council to serve as presiding officer.

(e) Provides that a member of the council is not entitled to compensation.

SECTION 2. (a) Requires the council to evaluate security vulnerabilities of the electric grid and strategies for securing the grid against certain threats.

(b) Requires the council to prepare and submit a report to the legislature with recommendations for addressing the threats identified in Subsection (a) of this section not later than November 1, 2020. Requires the council's report to include recommendations for state agency rule changes, legislation, and management changes at the PUC, TMD, TDEM, and SORM.

SECTION 3. Provides that the first report described by Section 39.917(c), Utilities Code, as added by this Act, is due November 1, 2022.

SECTION 4. Effective date: September 1, 2019.