

# Texas Energy Fund Basics and Next Steps

A discussion on the Public Utility Commission of Texas's implementation of Texas Energy Fund legislation and the Application and Award Process To-Date

1

## Senate Bill 2627, 88(R)

- [SB 2627](#) Established the Texas Energy Fund (“TEF”) as a special fund in the state treasury outside of the general revenue fund to be administered by the Public Utility Commission of Texas (“PUCT”) for Out-of-ERCOT Grants, In-ERCOT Grants and Loans, and the Texas Backup Power Package.
- Required voter approval of [SJR 93](#), amending the Texas Constitution to allow for creation of the TEF. Texans voted to approve the resolution in November 2023 creating the \$10B fund.
- Texas Legislature has appropriated \$5B and is likely to appropriate the additional \$5B in the upcoming session.



IMAGE: CALPINE'S JACK A. FUSCO ENERGY CENTER, © JIM OLIVE, 2008

2

## Texas Energy Fund Advisory Committee

- SB 2627 created an advisory committee comprised of three members of the Senate appointed by the Lt. Governor and three members of the House appointed by the Speaker.
- Empowered to hold public hearings, formal meetings and work sessions and to provide comments and recommendations to the PUCT to use in adopting rules regarding the TEF.
- Required to, at least semiannually, review the overall adoption, function, and structure of the fund.
- Permitted to adopt rules, procedures, and policies as needed to implement its responsibilities.

3

## Texas Energy Fund Advisory Committee



Upcoming meeting Tuesday, October 8, 2024 at 9:00 am CST to review the operation, function, and structure of the TEF.

4

## Out-of-ERCOT Grants

- Grants to be used for transmission and distribution infrastructure and electric generating facilities in Texas, but outside of ERCOT, for:
  - Facility Modernization
  - Facility Weatherization
  - Reliability and resiliency facility enhancements; or
  - Vegetation Management
- Proceeds may not be used for compliance with weatherization standards adopted before 12/1/23 or for debt payments
- PUCT rulemaking recently initiated in PUCT Project No. 57004. [Proposal for Publication](#) issued on 9/26/24. Comments are due by **November 7, 2024**.
- Capped at \$1B

## In-ERCOT Loans (Statutory Overview)

- Loans to be used to finance:
  - Upgrades to existing dispatchable electric generating facilities providing power for the ERCOT region that result in a net increase of at least 100 MW of capacity for each facility; or
  - New construction of dispatchable electric generating facilities providing power for the ERCOT region that each have a generation capacity of at least 100 MW
- “Dispatchable” means the facility’s output can be controlled primarily by forces under human control (i.e. not renewable gen)
- Batteries expressly excluded from eligibility

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Texas Energy Funds Basics and Next Steps

Also available as part of the eCourse

[2024 Updates in Gas and Power](#)

First appeared as part of the conference materials for the

2024 2024 Updates in Gas and Power session

"Texas Energy Funds Basics and Next Steps"