

ANALYSES OF PROPOSED CONSTITUTIONAL AMENDMENTS

88th Texas Legislature November 7, 2023, Election

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SUMMARY ANALYSIS

S.J.R. 93, 88th Legislature, Regular Session, 2023, proposes the addition of Section 49-q to Article III, Texas Constitution, to provide for the creation of the Texas energy fund to support the construction, maintenance, modernization, and operation of electric generating facilities. If this amendment is approved by the voters, the legislature has provided initial funding of \$5 billion and enacted enabling legislation to begin providing loans and grants from the fund.

BACKGROUND AND DETAILED ANALYSIS

The constitutional amendment proposed by S.J.R. 93, 88th Legislature, Regular Session, 2023, would create the Texas energy fund and authorize the Public Utility Commission of Texas to administer and use the fund as provided by general law, without further appropriation, to provide loans and grants to any entity to finance or incentivize the construction, maintenance, modernization, and operation of electric generating facilities, including associated infrastructure, necessary to ensure the reliability or adequacy of an electric power grid in Texas.

The proposed amendment would require the Public Utility Commission of Texas to allocate money from the fund for loans and grants for electric generating facilities that serve as backup power sources and for projects in each region of the state that is part of an electric power grid in proportion to that region's load share.

Enacted in 2023 by the 88th Legislature in the Regular Session, S.B. 2627 is the enabling legislation for S.J.R. 93. The bill takes effect only if S.J.R. 93 is approved by voters at an election to be held November 7, 2023. The bill addresses in more detail the projects for which the Public Utility Commission of Texas may provide loans and grants from the Texas energy fund.

The bill would authorize the Public Utility Commission of Texas to provide loans from the Texas energy fund to finance upgrades to existing dispatchable electric generating facilities in the ERCOT power region and for the construction of new dispatchable electric generating facilities in the ERCOT power region. The bill would require the Public Utility Commission of Texas to provide completion bonus grants from the Texas energy fund for the construction of dispatchable electric generating facilities in the ERCOT power region. The bill would allow the total amount of these loans and grants to equal not more than \$7.2 billion.

The bill would authorize the Public Utility Commission of Texas to provide up to \$1 billion in grants for transmission and distribution infrastructure and electric generating facilities in Texas outside the ERCOT power region.

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The bill would authorize the Public Utility Commission of Texas to provide up to \$1.8 billion in grants or loans for the operation of stand-alone, behind-the-meter, multiday backup power sources in any part of Texas.

The 2023 General Appropriations Act (H.B. 1, 88th Legislature, Regular Session, 2023) provides \$5 billion for the implementation of S.B. 2627 in the 2024- 2025 fiscal biennium. This funding is contingent on S.B. 2627 taking effect on voter approval of this proposed constitutional amendment.