
TEXAS REGISTER

Volume 51 Number 15

April 10, 2026

Pages 2277 – 2456



IN THIS ISSUE

GOVERNOR

Appointments	2281
Proclamation 41-4273	2282

PROPOSED RULES

CREDIT UNION DEPARTMENT

CHARTERING, OPERATIONS, MERGERS, LIQUIDATIONS

7 TAC §91.709, §91.714	2283
7 TAC §91.1003	2284

SHARE AND DEPOSITOR INSURANCE PROTECTION

7 TAC §§95.105, 95.108, 95.110	2288
7 TAC §95.109	2289
7 TAC §§95.302, 95.305, 95.310	2290

PUBLIC UTILITY COMMISSION OF TEXAS

SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS

16 TAC §24.3	2293
16 TAC §§24.25 - 24.28, 24.41, 24.43	2295
16 TAC §24.245, §24.259	2300

TEXAS ALCOHOLIC BEVERAGE COMMISSION

ENFORCEMENT

16 TAC §35.7	2306
--------------------	------

AUDITING

16 TAC §41.12	2307
---------------------	------

TEXAS DEPARTMENT OF LICENSING AND REGULATION

ELECTRICIANS

16 TAC §§73.10, 73.21, 73.26, 73.80, 73.110 - 73.112	2308
--	------

TEXAS HIGHER EDUCATION COORDINATING BOARD

AGENCY ADMINISTRATION

19 TAC §§1.9, 1.13, 1.16	2315
19 TAC §1.126, §1.127	2318
19 TAC §1.900	2319

ACADEMIC AND WORKFORCE EDUCATION

19 TAC §§2.380 - 2.384, 2.386, 2.388, 2.389	2320
19 TAC §2.388	2322

RULES APPLYING TO ALL PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN TEXAS

19 TAC §§4.270 - 4.279	2323
------------------------------	------

19 TAC §4.356	2323
---------------------	------

HEALTH EDUCATION, TRAINING, AND RESEARCH FUNDS

19 TAC §§6.91 - 6.96	2324
----------------------------	------

TEXAS STATE TECHNICAL COLLEGE SYSTEM

19 TAC §§11.40 - 11.48	2325
------------------------------	------

FINANCIAL PLANNING

19 TAC §§13.180 - 13.186	2327
--------------------------------	------

TEXAS EDUCATION AGENCY

ADAPTATIONS FOR SPECIAL POPULATIONS

19 TAC §§89.1050, 89.1055, 89.1096	2328
--	------

HEALTH AND SAFETY

19 TAC §103.1209	2339
------------------------	------

COMPTROLLER OF PUBLIC ACCOUNTS

PROPERTY TAX ADMINISTRATION

34 TAC §9.4321, §9.4323	2342
-------------------------------	------

TEXAS WORKFORCE COMMISSION

GENERAL ADMINISTRATION

40 TAC §§800.170 - 800.172	2344
----------------------------------	------

PURCHASES OF PRODUCTS AND SERVICES FROM PEOPLE WITH DISABILITIES

40 TAC §§806.100 - 806.104	2346
----------------------------------	------

TEXAS DEPARTMENT OF TRANSPORTATION

EMPLOYMENT PRACTICES

43 TAC §4.21, §4.25	2347
---------------------------	------

PUBLIC DONATION AND PARTICIPATION PROGRAM

43 TAC §12.2	2352
--------------------	------

43 TAC §12.5	2353
--------------------	------

ADOPTED RULES

CREDIT UNION DEPARTMENT

CHARTERING, OPERATIONS, MERGERS, LIQUIDATIONS

7 TAC §91.401	2355
---------------------	------

PUBLIC UTILITY COMMISSION OF TEXAS

SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

16 TAC §25.205	2355
----------------------	------

TEXAS EDUCATION AGENCY

COMMISSIONER'S RULES CONCERNING EDUCATOR APPRAISAL

19 TAC §§150.1012 - 150.1014	2391	Notice of Rate Ceilings.....	2419
19 TAC §§150.1041 - 150.1043	2392	Texas Commission on Environmental Quality	
HEALTH AND HUMAN SERVICES COMMISSION		Agreed Orders	2419
BEHAVIORAL HEALTH DELIVERY SYSTEM		Enforcement Order.....	2422
26 TAC §§306.101, 306.103, 306.105, 306.107, 306.109, 306.111	2396	Notice of District Petition - D-02052026-011	2425
SUBSTANCE USE SERVICES		Notice of District Petition - D-02102026-013	2425
26 TAC §§321.1, 321.3, 321.5, 321.7	2399	Notice of Opportunity to Comment on Agreed Orders of Administrative Enforcement Actions	2426
26 TAC §§321.1, 321.3, 321.5, 321.7, 321.9, 321.11	2399	Notice of Public Meeting Air Quality Permit Number 8252.....	2426
TEXAS PARKS AND WILDLIFE DEPARTMENT		Notice of Public Meeting for TPDES Permit for Industrial Wastewater New Permit No. WQ0005467000	2427
LAW ENFORCEMENT		Notice of Water Quality Application - WQ0016213001 - Minor Amendment.....	2428
31 TAC §§55.401 - 55.403, 55.405, 55.406, 55.408, 55.410	2404	General Land Office	
31 TAC §55.406.....	2405	Coastal Boundary Survey - East Bay Galveston Bay - Brown Ranch - Chambers County.....	2428
TEXAS WORKFORCE COMMISSION		Notice and Opportunity to Comment on Requests for Consistency Agreement/Concurrence Under the Texas Coastal Management Program	2429
SKILLS DEVELOPMENT FUND		Texas Health and Human Services Commission	
40 TAC §§803.1 - 803.3	2406	Correction of Error.....	2431
40 TAC §803.14.....	2406	Correction of Error.....	2431
TEXAS DEPARTMENT OF TRANSPORTATION		Public Notice.....	2431
CONTRACT AND GRANT MANAGEMENT		Public Notice.....	2433
43 TAC §§9.2, 9.4, 9.6, 9.8	2407	Texas Department of Licensing and Regulation	
43 TAC §9.4.....	2407	Scratch Ticket Game Number 2765 "LOTERIA AZUL"	2435
RULE REVIEW		Public Utility Commission of Texas	
Proposed Rule Reviews		Notice of Application for Recovery of Universal Service Funding	2440
Department of Savings and Mortgage Lending.....	2409	Supreme Court of Texas	
Texas Higher Education Coordinating Board	2409	Order Approving Subjects for the Texas Law Component to be Administered with the NextGen Bar Exam	2441
Texas Education Agency.....	2410	Final Approval of Amendments to Texas Rule of Civil Procedure 330(e) and Texas Rules of Judicial Administration 2, 4, 7, 8, and 10	2444
Adopted Rule Reviews		Final Approval of Amendments to the Procedural Rules for the State Commission on Judicial Conduct, Now Titled the Disciplinary Rules for Judges and Judicial Candidates	2451
Credit Union Department.....	2411	Preliminary Approval of Amendments to Article XII of the State Bar Rules	2452
TABLES AND GRAPHICS			
.....	2413		
IN ADDITION			
Concho Valley Workforce Development Board			
Request for Proposals - Operation and Management of Workforce Solutions of the Concho Valley Center, Programs, and Child Care Services	2419		
Office of Consumer Credit Commissioner			

THE GOVERNOR

As required by Government Code, §2002.011(4), the *Texas Register* publishes executive orders issued by the Governor of Texas. Appointments and proclamations are also published. Appointments are published in chronological order. Additional information on documents submitted for publication by the Governor's Office can be obtained by calling (512) 463-1828.

Appointments

Appointments for March 26, 2026

Appointed to the Executive Council of Physical Therapy and Occupational Therapy Examiners for a term to expire February 1, 2027, Manoranjan "Mano" Mahadeva of Frisco, Texas (Mr. Mahadeva is being reappointed).

Appointed to the Red River Authority of Texas Board of Directors for a term to expire August 11, 2027, Ruben Arias of Amarillo, Texas (replacing Todd W. Boykin of Amarillo who resigned).

Appointed to the Red River Authority of Texas Board of Directors for a term to expire August 11, 2031, Tonya D. Detten of Panhandle, Texas (Ms. Detten is being reappointed).

Appointed to the Red River Authority of Texas Board of Directors for a term to expire August 11, 2031, Ronald A. "Ron" Mullins of Archer City, Texas (replacing Mary Lou Bradley of Memphis whose term expired).

Appointed to the Red River Authority of Texas Board of Directors for a term to expire August 11, 2031, Troy L. Weber of Denison, Texas (replacing Stephen A. Thornhill of Denison whose term expired).

Appointments for March 27, 2026

Appointed to the Guadalupe-Blanco River Authority Board of Directors for a term to expire February 1, 2031, William R. "Will" Carbonara of Cuero, Texas (Mr. Carbonara is being reappointed).

Appointed to the Texas Commission on Law Enforcement for a term to expire August 30, 2031, David A. Criner of Midland, Texas (replacing Michael W. "Mike" Griffis of Odessa whose term expired).

Appointed to the Texas Commission on Law Enforcement for a term to expire August 30, 2031, Jason R. Griffin of Liberty Hill, Texas (replacing Jason D. Hester of Point Venture whose term expired).

Appointed to the Texas Commission on Law Enforcement for a term to expire August 30, 2031, Rita J. Watkins, Ed.D. of College Station, Texas (replacing Patricia Garza Burruss of Dallas whose term expired).

Appointments for March 30, 2026

Appointed to the Texas State Library and Archives Commission for a term to expire September 28, 2031, Monte L. Monroe, Ph.D. of Lubbock, Texas (replacing Bradley S. "Brad" Tegeler of Brenham whose term expired).

Appointed to the Texas State Library and Archives Commission for a term to expire September 28, 2031, Norma C. "Leslie" Recine of Pantego, Texas (replacing David C. Garza of Brownsville whose term expired).

Appointed to the Nueces River Authority Board of Directors for a term to expire February 1, 2027, Mark A. Moczygemba of Poth, Texas (replacing Stacy L. Meuth of Floresville who resigned).

Appointed to the Nueces River Authority Board of Directors for a term to expire February 1, 2027, Chasey M. Sanchez, Ed.D. of Orange Grove, Texas (replacing Karin E. Knolle of Sandia who resigned).

Appointed to the Nueces River Authority Board of Directors for a term to expire February 1, 2031, Gary G. Krause of Leakey, Texas (replacing Anita L. "Nita" Shackelford of Leakey whose term expired).

Appointed to the Nueces River Authority Board of Directors for a term to expire February 1, 2031, Eliza Santos McElhaney of Corpus Christi, Texas (replacing Lisa Greenberg Molite of Corpus Christi who resigned).

Appointments for March 31, 2026

Appointed to the Upper Neches River Municipal Water Authority Board of Directors for a term to expire February 1, 2031, Philip George of Palestine, Texas (replacing Paul B. Morris of Palestine whose term expired).

Appointed as the Presiding Judge of the Tenth Administrative Judicial Region for a term to expire four years from the date of qualification, Fredrick "Alfonso" Charles of Longview, Texas (Judge Charles is being reappointed).

Appointments for April 1, 2026

Appointed to the Advisory Committee to the Texas Board of Criminal Justice on Offenders with Medical or Mental Impairments for a term to expire February 1, 2029, Nelda T. Cacciotti of Aledo, Texas (replacing Jennifer M. "Jenn" Gonzalez, Ph.D. of Dallas who resigned).

Appointed to the Advisory Committee to the Texas Board of Criminal Justice on Offenders with Medical or Mental Impairments for a term to expire February 1, 2031, Blake R. Harris, Ph.D. of Belton, Texas (replacing James B. "Brian" Eby of Wichita Falls whose term expired).

Appointed to the Advisory Committee to the Texas Board of Criminal Justice on Offenders with Medical or Mental Impairments for a term to expire February 1, 2031, Trenton R. "Trent" Marshall of Burleson, Texas (Mr. Marshall is being reappointed).

Appointed to the Advisory Committee to the Texas Board of Criminal Justice on Offenders with Medical or Mental Impairments for a term to expire February 1, 2031, Stacey L. Mathews of Austin, Texas (replacing Justin J. "J.J." Koch of Dallas whose term expired).

Appointed to the Advisory Committee to the Texas Board of Criminal Justice on Offenders with Medical or Mental Impairments for a term to expire February 1, 2031, Casey C. O'Neal, Ph.D. of Austin, Texas (Dr. O'Neal is being reappointed).

Appointed to the Rio Grande Compact Commission for a term to expire June 9, 2031, Robert S. "Bobby" Skov of Fabens, Texas (Mr. Skov is being reappointed).

Appointed as the presiding officer of the Texas Funeral Service Commission for a term to expire at the pleasure of the Governor, Eric C. Opiela of Austin, Texas (replacing Kristin D. Tips of San Antonio).

Greg Abbott, Governor



Proclamation 41-4273

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, I, Greg Abbott, Governor of Texas, issued a disaster proclamation on January 29, 2026, certifying under Section 418.014 of the Texas Government Code that the spread of New World screwworm northward from Mexico towards the U.S. southern border threatens Texas' livestock industry and economy and poses an imminent threat of widespread and severe property damage for all Texas counties; and

WHEREAS, the certified conditions continue to exist and pose an ongoing and imminent threat of disaster as set forth in the prior proclamation;

NOW, THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby renew

the aforementioned proclamation and declare a state of disaster for all Texas counties. All orders, directions, suspensions, and authorizations provided in the Proclamation of January 29, 2026, as renewed, are in full force and effect.

In accordance with the statutory requirements, copies of this proclamation shall be filed with the applicable authorities.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my office in the City of Austin, Texas, this the 30th day of March, 2026.

Greg Abbott, Governor

TRD-202601427



PROPOSED RULES

Proposed rules include new rules, amendments to existing rules, and repeals of existing rules. A state agency shall give at least 30 days' notice of its intention to adopt a rule before it adopts the rule. A state agency shall give all interested persons a reasonable opportunity to

submit data, views, or arguments, orally or in writing (Government Code, Chapter 2001).

Symbols in proposed rule text. Proposed new language is indicated by underlined text. [~~Square brackets and strikethrough~~] indicate existing rule text that is proposed for deletion. "(No change)" indicates that existing rule text at this level will not be amended.

TITLE 7. BANKING AND SECURITIES

PART 6. CREDIT UNION DEPARTMENT

CHAPTER 91. CHARTERING, OPERATIONS, MERGERS, LIQUIDATIONS SUBCHAPTER G. LENDING POWERS

7 TAC §91.709, §91.714

The Credit Union Commission proposes amendments to §91.709, Member Business and Commercial Loans, and §91.714, Leasing.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The proposed amendments, identified as a part of the Credit Union Department's quadrennial rule review process, would delete a reference in subsection (b) of §91.714 to acquisition of property for the purpose of leasing it, already prohibited by §91.401, and make non-substantive changes to both rules, including clarifications to §91.709 regarding the concept of controlling interests in commercial loans and to §91.714 by adding a reference to §91.401 to ensure consistency between these sections that both address ownership and leasing of real property by a credit union.

COST TO REGULATED PERSONS. This rule proposal is not subject to Texas Government Code §2001.0045 concerning increasing costs to regulated persons because this agency is a self-directed semi-independent (SDSI) agency under Finance Code Chapter 16 and is therefore exempt under §2001.0045(c)(8).

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Texas Government Code §2001.0221, the Department has prepared a government growth impact statement.

For each year of the first five years that the rules as amended will be in effect, the rules will not:

- create or eliminate a government program;
- require the creation of new employee positions or the elimination of existing employee positions;
- require an increase or decrease in future legislative appropriations to the Department;
- require an increase or decrease in fees paid to the Department;
- create new regulations;
- expand, limit, or repeal existing regulations;

--increase or decrease the number of individuals subject to the rule's applicability;

--positively or adversely affect this state's economy.

ENVIRONMENTAL RULE ANALYSIS. The proposed rules are not "major environmental rules" as defined by Government Code, §2001.0225. The proposed rules are not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS. Robert Etheridge, Commissioner, has determined that for the first five-year period the proposed amendments are in effect, there are no reasonably foreseeable implications relating to cost or revenues of state or local governments under Government Code §2001.024(a)(4) as a result of enforcing or administering these amendments as proposed.

PUBLIC BENEFIT/COST NOTE. Mr. Etheridge has determined, pursuant to Government Code §2001.024(a)(5), that for the first five-year period the amended rules are in effect, the public benefit is increased clarity, consistency, and readability of the rules. He has further determined there will be no probable economic cost to the credit union system or to persons required to comply with the rules.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY. There is no reasonably anticipated effect on a local economy for the first five years that the proposed amendments are in effect. Therefore, no economic impact statement, local employment impact statement, or regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES. Mr. Etheridge has also determined that for each year of the first five years the proposed amendments are in effect, there will be no reasonably forecasted adverse economic effect on small businesses, micro-businesses, or rural communities as a result of implementing these amendments, and, therefore, no regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is required.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal, and the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the amendments do not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. The Department is requesting public comments on the proposed amendments and information related to the cost, benefit, or effect of the proposed

rules, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. Please include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information. Written comments on the proposed amendments may be submitted in writing to Devon Bijansky, General Counsel, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699 or by email to CUDMail@tud.texas.gov. To be considered, a written comment must be received within 30 days after publication of the proposal in the *Texas Register*.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Finance Code, §15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Title 2, Chapter 15 and Title 3, Subtitle D. Authority to adopt these amendments is found also in Texas Finance Code §123.103.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D, particularly Finance Code §123.103.

§91.709. *Member Business and Commercial Loans.*

(a) **Definitions.** Definitions in TEX. FIN. CODE §121.002, are incorporated herein by reference. As used in this section, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise.

(1) - (2) (No change.)

(3) "Controlling interest [~~Control~~]" means an interest in which a person directly or indirectly, or acting through or together with one or more other persons [~~who~~]:

(A) owns [~~own~~], controls [~~control~~], or has [~~have~~] the power to vote twenty-five (25) percent or more of any class of voting securities of another person;

(B) controls [~~control~~], in any manner, the election of a majority of the directors, trustees, or other persons exercising similar functions of another person; or

(C) has [~~have~~] the power to exercise a controlling influence over the management or policies of another person.

(4) - (11) (No change.)

(b) - (h) (No change.)

(i) **Aggregation and Attribution for Commercial Loans.**

(1) - (2) (No change.)

(3) **Common Enterprise.**

(A) **Description.** A common enterprise is considered to exist and commercial loans to separate borrowers will be aggregated when:

(i) the expected source of repayment for each loan or extension of credit is the same for each borrower and neither borrower has another source of income from which the loan (together with the borrower's other obligations) may be fully repaid. An employer will not be treated as a source of repayment under this subparagraph because of wages and salaries paid to an employee[;] unless the loans or extensions of credit are made [~~the standards of clause (ii) of this subparagraph are met~~]:

[(ii)] [~~the loans or extension of credit are made:~~]

(I) to borrowers who have a controlling interest in the employer [~~who are related directly or indirectly through control~~] as defined by subsection (a) of this section; and

(II) substantial financial interdependence exists between or among the borrowers. Substantial financial interdependence is deemed to exist when fifty (50) percent or more of one borrower's gross receipts or gross expenditures (on an annual basis) are derived from transactions with the other borrower. Gross receipts and expenditures include gross revenues/expenses, intercompany loans, dividends, capital contributions, and other similar receipts or payments;

(ii) [~~(iii)~~] separate persons borrow from a credit union to acquire a business of enterprise of which those borrowers will own more than fifty (50) percent of the voting securities of voting interest, in which case a common enterprise is deemed to exist between the borrowers for purposes of combining the acquisition loans; or

(iii) [~~(iv)~~] the Department determines, based upon an evaluation of the facts and circumstances of particular transactions, that a common enterprise exists.

(B) - (C) (No change.)

(j) - (m) (No change.)

§91.714. *Leasing.*

(a) (No change.)

(b) **Permissible activities.** Subject to the limitations of this section §91.401 of this title (relating to Credit Union Ownership of Property), a credit union may engage in leasing activities. These activities include [~~becoming the legal or beneficial owner of tangible personal property or real property for the purpose of leasing such property;~~] obtaining an assignment of a lessor's interest in a lease of such property[;] and incurring obligations incidental to its position as the legal or beneficial owner and lessor of the leased property.

(c) - (h) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601394

Robert Etheridge

Commissioner

Credit Union Department

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 837-9236



SUBCHAPTER J. CHANGES IN CORPORATE STATUS

7 TAC §91.1003

The Credit Union Commission proposes amendments to §91.1003, Mergers/Consolidations.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The Credit Union Commission proposes amendments to 7 TAC §91.1003, Mergers and Consolidations. The proposed amendments would prohibit merger inducements and require merger-related financial arrangements (both as defined in the rule) to be disclosed to members before they vote on a merger. The amendments would also revise certain requirements for

approval by the Department, increase consistency between the Texas and federal requirements for mergers, and make non-substantive changes for clarity and readability. These changes would better ensure that the member vote on a merger takes place without undue influence and increase transparency by ensuring that any merger-related financial arrangements are disclosed to the members before voting.

COST TO REGULATED PERSONS. This rule proposal is not subject to Texas Government Code §2001.0045 concerning increasing costs to regulated persons because this agency is a self-directed semi-independent (SDSI) agency under Finance Code Chapter 16 and is therefore exempt under §2001.0045(c)(8).

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Texas Government Code §2001.0221, the Department has prepared a government growth impact statement.

For each year of the first five years that the rules as amended will be in effect, the rules will not:

- create or eliminate a government program;
- require the creation of new employee positions or the elimination of existing employee positions;
- require an increase or decrease in future legislative appropriations to the Department;
- require an increase or decrease in fees paid to the Department;
- create new regulations;
- expand, limit, or repeal existing regulations;
- increase or decrease the number of individuals subject to the rule's applicability;
- positively or adversely affect this state's economy.

ENVIRONMENTAL RULE ANALYSIS. The proposed rules are not "major environmental rules" as defined by Government Code, §2001.0225. The proposed rules are not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS. Robert Etheridge, Commissioner, has determined that for the first five-year period the proposed amendments are in effect, there are no reasonably foreseeable implications relating to cost or revenues of state or local governments under Government Code §2001.024(a)(4) as a result of enforcing or administering these amendments as proposed.

PUBLIC BENEFIT/COST NOTE. Mr. Etheridge has determined, pursuant to Government Code §2001.024(a)(5), that for the first five-year period the amended rules are in effect, the public benefit is increased clarity, consistency, and readability of the rules. He has further determined that there will be no probable economic cost to the credit union system or to persons required to comply with the rules.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY. There is no reasonably anticipated effect on a local economy for the first five years that the proposed amendments are in effect. Therefore, no economic impact statement, local employment impact statement, or regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES. Mr. Etheridge has also determined that for each year of the first five years the proposed amendments are in effect, there will be no reasonably forecasted adverse economic effect on small businesses, micro-businesses, or rural communities as a result of implementing these amendments, and, therefore, no regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is required.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal, and the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the amendments do not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. The Department is requesting public comments on the proposed amendments and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. Please include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information. Written comments on the proposed amendments may be submitted in writing to Devon Bijansky, General Counsel, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699 or by email to CUDMail@tud.texas.gov. To be considered, a written comment must be received within 30 days after publication of the proposal in the *Texas Register*.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Finance Code, §15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Chapter 15 and Title 3, Subtitle D. Authority to adopt these amendments is found also in Texas Finance Code §122.1531 and 122.156.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D, particularly Finance Code §§122.005, and 122.151-.156.

§91.1003. Mergers/Consolidations.

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Acquirer [~~credit union~~].--The credit union that will continue in operation after the merger/consolidation.

(2) Acquiree [~~credit union~~].--The credit union that will cease to exist as an operating credit union at the time of the merger/consolidation.

(3) Covered person.--The chief executive officer (CEO) or person acting in a similar capacity; the four most highly compensated employees other than the CEO, and any member of the board of directors or supervisory committee.

(4) [~~3~~] Merger inducement.--Any payment of money, the distribution of property, or other economic benefit offered, provided, or promised to a member of the Acquiree that is conditioned on the member voting, refraining from voting, or voting in a particular manner on a proposed merger or the successful completion of a merger. A merger inducement does not include: [A promise by a credit union to

pay to the members of another credit union a sum of money or other material benefit upon the successful completion of a merger of the two credit unions.}]

(A) a dividend or interest payment distributed proportionally among members based on each member's applicable account balance relative to the total balances on which the dividend or interest is paid;

(B) an interest rebate distributed proportionally among members based on each member's share of the total interest paid to the credit union; or

(C) dividends, interest, or other payments made in the ordinary course of business that are generally available to members and not tied to the proposed merger/consolidation;

(D) products, services, or pricing available to all members of Acquirer and Acquiree;

(E) nominal promotional items distributed in the ordinary course of business;

(F) access to products, services, or facilities of Acquirer following the merger/consolidation, including expanded branch access or service offerings;

(G) merger-related financial arrangements for the Acquiree's CEO and the four most highly compensated employees other than the CEO; or

(H) benefits to members of the board of directors that are permissible under 7 TAC §91.502 (relating to Director/Committee Member Fees, Insurance, Reimbursable Expenses, and Other Authorized Expenditures).

(5) Merger-related financial arrangement--Any agreement, arrangement, or understanding under which a covered person, or an entity affiliated with a covered person, receives or is entitled to receive a substantial increase in compensation or benefits that is contingent upon, related to, or provided in connection with the completion of a merger/consolidation, including:

(A) any increase in compensation or benefits provided to the covered person during the 24 months preceding the date on which the boards of directors of Acquirer and Acquiree approve the plan for merger/consolidation; and

(B) any increase in compensation or benefits that will be provided to the covered person in connection with the merger/consolidation; and

(C) the aggregate value of all increases in direct or indirect compensation, including salary, bonuses, leave, deferred compensation, accelerated or early payment of retirement benefits, or any other financial reward, excluding compensation or benefits available to all employees of the Acquirer on identical terms and conditions.

(6) [(4)] Substantial--An amount exceeding the greater of 15% of a person's existing compensation or 15% of the value of the person's existing benefits, or \$10,000. [that is large in size, value, or importance. For purposes of this section, an amount is substantial if it exceeds \$1,000.00 in total.]

(b) Merger/Consolidation; No Inducements. Two or more credit unions organized under the laws of this state, another state, or the United States, may merge/consolidate, in whole or in part, with each other, or into a newly incorporated credit union to the extent permitted by applicable law, subject to the requirements of this rule. An Acquirer may not directly or indirectly, including through a credit union service organization, an affiliate, a contractor, or other third

party, offer, provide, arrange, or promise a merger inducement to any member of the Acquiree. [A credit union may not offer a merger inducement to another credit union's members as a means of promoting a merger of the two credit unions.]

(c) Notice of Intent to Merge/Consolidate. The Acquirer and Acquiree [credit unions] shall notify the commissioner in writing of their intent to merge/consolidate within ten days after their [the credit unions] boards of directors formally agree in principle to a proposition to merge/consolidate.

(d) Plan for Merger/Consolidation. Upon approval of a proposition for merger/consolidation by the boards of directors, the Acquirer and Acquiree [credit unions] must prepare a plan for the proposed merger/consolidation. The plan shall include:

(1) The terms and conditions of the merger/consolidation including a detailed description of all merger-related financial arrangements [any substantial remuneration, such as bonuses, deferred compensation, early payout of retirement benefits, severance packages, retainers, services agreements, or other substantial financial rewards or benefits that any board member or senior management employee of the acquiree credit union may receive in connection with the merger/consolidation];

(2) the current financial reports of each credit union;

(3) the current delinquent loan summaries for each credit union;

(4) [(3)] the combined financial reports of the Acquirer and Acquiree [two or more credit unions], including an assessment, in accordance with generally accepted accounting principles, of net worth of each credit union prior to the merger/consolidation and the combined net worth of the Acquirer after the merger/consolidation;

(5) [(4)] an analysis of the adequacy of the combined Credit [Loan and Lease] Losses account;

(6) [(5)] an explanation of any proposed adjustments to the members' shares, or provisions for reserves, dividends, or undivided earnings [profits];

(7) [(6)] a summary of the products and services proposed to be available to the members of the Acquirer [acquirer credit union], with an explanation of any changes from the current products and services provided to the members;

(8) [(7)] a summary of the advantages and disadvantages of the merger/consolidation;

(9) [(8)] the projected location of the main office and any branch location(s) after the merger/consolidation and whether any existing office locations will be permanently closed; and

(10) provisions and/or liabilities with respect to notification and payment to creditors; and

(11) [(9)] any other items deemed critical to the merger/consolidation by the Acquirer's and Acquiree's boards of directors [agreement by the boards of directors].

(e) Submission of an Application to Merge/Consolidate to Department.

(1) An application for approval of the merger/consolidation will be complete when the following information is submitted to the commissioner:

(A) the merger/consolidation plan, as described in this section;

(B) any proposed agreement, arrangement, or understanding arising from or required to implement the merger/consolidation;

(C) [(B)] a copy of the corporate resolution of each board of directors approving the merger/consolidation plan;

(D) [(C)] the proposed Notice of Special Meeting of the members;

(E) [(D)] a copy of the ballot form to be sent to the members;

[(E) the current delinquent loan summaries for each credit union;]

(F) a statement as to whether the transaction is subject to the Hart-Scott Rodino Act premerger notification filing requirements; [and]

(G) board minutes of Acquirer and Acquiree referencing the merger/consolidation during the 24 months preceding board approval of the merger/consolidation plan; [a request for a waiver of the requirement that the plan be approved by the members of any of the affected credit unions, in the event the board(s) seek such a waiver, together with a statement of the reason(s) for the waiver(s).]

(H) any additional information requested by the commissioner;

(I) a certification executed by the chief executive officers and chairpersons of the Acquirer and Acquiree stating that no merger-related financial arrangements exist other than those disclosed in the Notice of Special Meeting;

(J) for a credit union seeking a waiver of member approval of the merger/consolidation plan, a written request stating the reasons for the waiver; and

(K) for an Acquirer that is not federally insured and does not intend to become federally insured:

(i) a written statement that it is aware of the federal requirements prescribed by 12 U.S.C. 1831t(b), including all notification requirements; and

(ii) proof that its accounts will be insured by the non-federal insurer.

(2) If the Acquirer [acquirer credit union] is organized under the laws of another state or of the United States, the commissioner may accept an application to merge or consolidate that is prescribed by the state or federal supervisory authority of the Acquirer [acquirer credit union], provided that the commissioner may require additional information to determine whether to deny or approve the merger/consolidation plan. An [The] application submitted under this paragraph will be [deemed] complete upon receipt of all information requested by the commissioner.

(3) Notice of the proposed merger/consolidation must be published in the *Texas Register* and Department Newsletter as prescribed in §91.104 (relating to Public Notice and Comment on Certain Applications).

(f) Commissioner Action on the Application.

(1) The commissioner may grant preliminary approval of an application for merger/consolidation conditioned upon specific requirements being met, but final approval shall not be granted unless such conditions have been met within the time specified in the preliminary approval. If the commissioner determines that a merger/consolidation constitutes an emergency, the commissioner may waive any spe-

cific merger plan or application requirements to ensure uninterrupted service to the members.

(2) The commissioner may [shall] deny an application for merger/consolidation if the commissioner finds any of the following:

(A) the financial condition of the Acquirer [acquirer credit union] before the merger/consolidation is such that it will likely jeopardize the financial stability of the Acquiree [merging credit union] or prejudice the financial interests of the members, beneficiaries or creditors of either credit union;

(B) the plan includes a change in the products or services available to members of the Acquiree [acquiree credit union] that substantially harms the financial interests of the members, beneficiaries or creditors of the Acquiree [acquiree credit union];

(C) the merger/consolidation is likely to [would probably] substantially lessen the ability of the Acquirer [acquirer credit union] to meet the reasonable needs and convenience of members to be served;

(D) the credit unions do not furnish to the commissioner all information requested by the commissioner which is material to the application;

(E) the credit unions fail to obtain any approval required from a federal or state supervisory authority; or

(F) the merger/consolidation would be contrary to law.

(3) For applications to merge/consolidate in which the products and services of the Acquirer [acquirer credit union] after merger/consolidation are proposed to be substantially the same as those of the Acquirer and Acquiree [acquiree and acquirer credit unions], the commissioner will presume that the merger/consolidation will not significantly change or affect the availability and adequacy of financial services in the local community.

(g) Procedures for Approval of Merger/Consolidation Plan by the Members of Each Credit Union.

(1) The credit unions have the option of allowing their members to vote on the plan in person at a meeting of the members, by mail ballot, or both. With prior approval of the commissioner, a credit union may accept member votes by an alternative method that is reasonably calculated to ensure each member has an opportunity to vote.

(2) Members shall be given advance notice of the meeting in accordance with the credit union's bylaws. The notice of the meeting shall:

(A) specify the purpose of the meeting and state the date, time, and place of the special meeting;

(B) state the reasons for the proposed merger/consolidation;

(C) contain a summary of the merger/consolidation plan, including: [and state that any interested person may obtain more detailed information about the merger from the credit union at its principal place of business, or by any method approved in advance by the commissioner;]

(i) a statement on whether the Acquirer has a higher or lower net worth ratio than the Acquiree;

(ii) an indication of whether the members of the Acquiree will receive a share adjustment, dividend, or other distribution of reserves or undivided earnings and a description of the reasons for the decision;

(iii) a description of any changes regarding the change in the members' deposit insurance if the Acquiree is not federally insured;

(iv) a statement that any interested person may obtain more detailed information about the merger/consolidation from the credit union at its principal place of business, or by any method approved in advance by the commissioner; and

(v) a table, provided on a separate page enclosed with the meeting notice, ballot, and plan summary, describing each merger-related financial arrangement, including the covered person involved, their position, the nature and description of the arrangement, and the total amount of any compensation or benefits associated with the arrangement;

(D) provide the names [name] and street addresses of Acquirer's branch offices after the merger/consolidation [location of the acquirer credit union]; and

(E) state that members may vote on the merger/consolidation proposal in person or mail ballot or electronically (if the credit union bylaws allow) no later than the date and time established for the meeting called to vote on the merger/consolidation. [specify the methods permitted for casting votes; and]

~~[(F) if applicable, be accompanied by a mail ballot.]~~

(h) Completion of Merger/Consolidation.

(1) Upon approval of the merger/consolidation plan by the membership, if applicable, the Certificate of Merger/Consolidation shall be completed, signed and submitted to the commissioner for final authority to combine the records. Necessary amendments to the Acquirer's [acquirer credit union's] articles of incorporation or bylaws shall also be submitted at this time.

(2) Upon receipt of the commissioner's written authorization, the records of the credit unions shall be combined as of the effective date of the merger/consolidation. The board of the directors of the Acquirer [acquirer credit union] shall certify the completion of the merger/consolidation to the commissioner within 30 days after the effective date of the merger/consolidation.

(3) Upon receipt by the commissioner of the completion of the merger/consolidation certification, any article of incorporation or bylaw amendments will be approved and the charter of the Acquiree [acquiree credit union] will be canceled.

(i) Other requirements. A federally insured credit union subject to this section must comply with applicable provisions of 12 C.F.R. Part 708b. The commissioner may require documentation demonstrating compliance when considering a merger/consolidation application.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601395

Robert Etheridge

Commissioner

Credit Union Department

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 837-9236



CHAPTER 95. SHARE AND DEPOSITOR INSURANCE PROTECTION

SUBCHAPTER A. INSURANCE REQUIREMENTS

7 TAC §§95.105, 95.108, 95.110

The Credit Union Commission proposes amendments to §95.105, Reporting; §95.108, Examinations; and §95.110, Enforcement; Penalty; and Appeal.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The proposed amendments, identified as a part of the Credit Union Department's quadrennial rule review process, make non-substantive changes to the Department's rules. The amendments to §§95.105, Reporting, and 95.110, Enforcement; Penalty; and Appeal, consist of updates to the titles of other sections referenced in the rules as well as minor edits for readability. The amendments to §95.108, Examinations, incorporate provisions from §95.109, Fees and Charges, relating to fees for examinations of insuring organizations, which is being proposed for repeal elsewhere in this issue.

COST TO REGULATED PERSONS. This rule proposal is not subject to Texas Government Code §2001.0045 concerning increasing costs to regulated persons because this agency is a self-directed semi-independent (SDSI) agency under Finance Code Chapter 16 and is therefore exempt under §2001.0045(c)(8).

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Texas Government Code §2001.0221, the Department has prepared a government growth impact statement.

For each year of the first five years that the rules as amended will be in effect, the rules will not:

--create or eliminate a government program;

--require the creation of new employee positions or the elimination of existing employee positions;

--require an increase or decrease in future legislative appropriations to the Department;

--require an increase or decrease in fees paid to the Department;

--create new regulations;

--expand, limit, or repeal existing regulations;

--increase or decrease the number of individuals subject to the rule's applicability;

--positively or adversely affect this state's economy.

ENVIRONMENTAL RULE ANALYSIS. The proposed rules are not "major environmental rules" as defined by Government Code, §2001.0225. The proposed rules are not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS. Robert Etheridge, Commissioner, has determined that for the first five-year period the proposed amendments are in effect, there are no reasonably foreseeable implications relating to cost or revenues of state or local governments under Government Code §2001.024(a)(4) as a result of enforcing or administering these amendments as proposed.

PUBLIC BENEFIT/COST NOTE. Mr. Etheridge has determined, pursuant to Government Code §2001.024(a)(5), that for the first five-year period the amended rules are in effect, the public benefit is increased clarity and readability of the rules. He has further determined there will be no probable economic cost to the credit union system or to persons required to comply with the rule.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY. There is no reasonably anticipated effect on a local economy for the first five years that the proposed amendments are in effect. Therefore, no economic impact statement, local employment impact statement, or regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES. Mr. Etheridge has also determined that for each year of the first five years the proposed amendments are in effect, there will be no reasonably forecasted adverse economic effect on small businesses, micro-businesses, or rural communities as a result of implementing these amendments, and, therefore, no regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is required.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal, and the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the rules do not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. The Department is requesting public comments on the proposed amendments and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. Please include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information. Written comments on the proposed amendments may be submitted in writing to Devon Bijansky, General Counsel, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699 or by email to CUDMail@tud.texas.gov. To be considered, a written comment must be received within 30 days after publication of the proposal in the *Texas Register*.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Finance Code, §15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Title 2, Chapter 15 and Title 3, Subtitle D.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D, specifically §15.402.

§95.105. Reporting.

(a) Within one hundred days after the close of each [a] fiscal year, an insuring organization shall file with the commissioner [annually] audited financial statements, prepared in accordance with generally accepted accounting principles, covering that fiscal year. The audited financial statements shall be accompanied by an opinion of an independent certified public accountant. In addition, at least once every three years, the audit shall include an actuarial study of the capital adequacy of the insuring organization.

(b) The provisions of this section are in addition to those prescribed in §91.209 of this title (relating to Call Reports and Other Information Requests [Reports and Charges for Late Filing]).

§95.108. Examinations.

(a) The department may conduct examinations and investigations within or outside this state to determine whether an insuring organization has engaged, is engaging or is about to engage in any act, practice or transaction which constitutes an unsafe or unsound practice or a violation of any law or rule applicable to the insuring organization.

(b) In lieu of an examination under this section, the commissioner may accept the examination report of another regulator authorized to examine the insuring organization.

(c) If the Department conducts an examination or investigation in accordance with subsection (a) of this section, the insuring organization shall pay the costs as outlined for foreign credit union examinations in §97.113(d)(3) of this title.

(d) At the sole discretion of the Commissioner, the Department may engage professionals to perform and complete any aspect of an examination or investigation. The reasonable expenses and compensation of such professionals shall be paid by the insuring organization.

§95.110. Enforcement; Penalty; and Appeal.

(a) The commissioner may issue a cease and desist order, generally in accordance with Finance Code §122.257(b), (c), (d) and (e), to an officer, employee, director, and/or the insuring organization itself, if the commissioner determines from examination or other credible evidence that the insuring organization has or is operating in an unsafe or unsound manner, or violated or is violating any applicable Texas law or rule of the commission, including causing a credit union to operate in an unsafe or unsound condition as defined by Finance Code §121.002(11)(C). If the insuring organization does not comply with the order, the commissioner may assess an administrative penalty as authorized by Finance Code §122.260, as well as institute procedures to revoke the authority to provide primary share insurance coverage in this state.

(b) An insuring organization may file a notice of appeal of a cease and desist order in accordance with §93.401 of this title (relating to Appeals of Cease and Desist Orders and Orders of Removal [Finality and Request for SOAH Hearing]).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601393

Robert Etheridge

Commissioner

Credit Union Department

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 837-9236



7 TAC §95.109

The Credit Union Commission proposes the repeal of 7 TAC §95.109, Fees and Charges.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The repeal of this section is proposed in order to combine the provisions of this section with §95.108, Examinations, being proposed for amendment elsewhere in this issue so that provisions

regarding examinations of insuring organizations and the fees associated with those examinations will be in a single rule.

COST TO REGULATED PERSONS. This proposed repeal is not subject to Texas Government Code §2001.0045 concerning increasing costs to regulated persons because this agency is a self-directed semi-independent (SDSI) agency under Finance Code Chapter 16 and is therefore exempt under §2001.0045(c)(8).

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Texas Government Code §2001.0221, the Department has prepared a government growth impact statement.

For each year of the first five years that the rule as amended will be in effect, the proposed repeal will not:

- create or eliminate a government program;
- require the creation of new employee positions or the elimination of existing employee positions;
- require an increase or decrease in future legislative appropriations to the Department;
- require an increase or decrease in fees paid to the Department;
- create new regulations;
- expand, limit, or repeal existing regulations;
- increase or decrease the number of individuals subject to the rule's applicability;
- positively or adversely affect this state's economy.

ENVIRONMENTAL RULE ANALYSIS. The proposed repeal is not a "major environmental rule" as defined by Government Code, §2001.0225. The proposed rule is not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS. Robert Etheridge, Commissioner, has determined that for the first five-year period the proposed repeal is in effect, there are no reasonably foreseeable implications relating to cost or revenues of state or local governments under Government Code §2001.024(a)(4) as a result of this proposed repeal.

PUBLIC BENEFIT/COST NOTE. Mr. Etheridge has determined, pursuant to Government Code §2001.024(a)(5), that for the first five-year period the proposed repeal is in effect, the public benefit is clarity. He has further determined there will be no probable economic cost to the credit union system or to persons required to comply with the proposed repeal.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY. There is no reasonably anticipated effect on a local economy for the first five years that the proposed repeal is in effect. Therefore, no economic impact statement, local employment impact statement, or regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES. Mr. Etheridge has also determined that for each year of the first five years the proposed repeal is in effect, there will be no reasonably forecasted adverse economic effect on small businesses, micro-businesses, or rural communities as a result of implementing these amendments,

and, therefore, no regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is required.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal, and the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the proposal does not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. The Department is requesting public comments on the proposed repeal and information related to the cost, benefit, or effect thereof, including any applicable data, research, or analysis, from any person required to comply with the proposed repeal or any other interested person. Please include an explanation of how and why the submitted information is specific to the proposed repeal. Please do not submit copyrighted, confidential, or proprietary information. Written comments on the proposed amendments may be submitted in writing to Devon Bijansky, General Counsel, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699 or by email to CUDMail@tud.texas.gov. To be considered, a written comment must be received within 30 days after publication of the proposal in the *Texas Register*.

STATUTORY AUTHORITY. The repeal is proposed pursuant to Texas Finance Code §15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Title 2, Chapter 15 and Title 3, Subtitle D.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D.

§95.109. *Fees and Charges.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601391

Robert Etheridge

Commissioner

Credit Union Department

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 837-9236



SUBCHAPTER C. GUARANTY CREDIT UNION

7 TAC §§95.302, 95.305, 95.310

The Credit Union Commission proposes amendments to §95.302, Powers; §95.305, Audited Financial Statements; Accounting Procedures; Reports; and §95.310, Fees and Charges.

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The proposed amendments, identified as a part of the Credit Union Department's quadrennial rule review process, make non-substantive corrections to the titles of other rule sections referenced in the rules.

COST TO REGULATED PERSONS. This rule proposal is not subject to Texas Government Code §2001.0045 concerning increasing costs to regulated persons because this agency

is a self-directed semi-independent (SDSI) agency under Finance Code Chapter 16 and is therefore exempt under §2001.0045(c)(8).

GOVERNMENT GROWTH IMPACT STATEMENT. In compliance with Texas Government Code §2001.0221, the Department has prepared a government growth impact statement.

For each year of the first five years that the rules as amended will be in effect, the rules will not:

- create or eliminate a government program;
- require the creation of new employee positions or the elimination of existing employee positions;
- require an increase or decrease in future legislative appropriations to the Department;
- require an increase or decrease in fees paid to the Department;
- create new regulations;
- expand, limit, or repeal existing regulations;
- increase or decrease the number of individuals subject to the rule's applicability;
- positively or adversely affect this state's economy.

ENVIRONMENTAL RULE ANALYSIS. The proposed rules are not "major environmental rules" as defined by Government Code, §2001.0225. The proposed rules are not specifically intended to protect the environment or to reduce risks to human health from environmental exposure. Therefore, a regulatory environmental analysis is not required.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENTS. Robert Etheridge, Commissioner, has determined that for the first five-year period the proposed amendments are in effect, there are no reasonably foreseeable implications relating to cost or revenues of state or local governments under Government Code §2001.024(a)(4) as a result of enforcing or administering these amendments as proposed.

PUBLIC BENEFIT/COST NOTE. Mr. Etheridge has determined, pursuant to Government Code §2001.024(a)(5), that for the first five-year period the amended rules are in effect, the public benefit is accuracy of the rules. He has further determined there will be no probable economic cost to the credit union system or to persons required to comply with the rule.

IMPACT ON LOCAL EMPLOYMENT OR ECONOMY. There is no reasonably anticipated effect on a local economy for the first five years that the proposed amendments are in effect. Therefore, no economic impact statement, local employment impact statement, or regulatory flexibility analysis is required under Texas Government Code §§2001.022 or 2001.024(a)(6).

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS FOR SMALL BUSINESSES, MICROBUSINESSES, AND RURAL COMMUNITIES. Mr. Etheridge has also determined that for each year of the first five years the proposed amendments are in effect, there will be no reasonably forecasted adverse economic effect on small businesses, micro-businesses, or rural communities as a result of implementing these amendments, and, therefore, no regulatory flexibility analysis, as specified in Texas Government Code §2006.002, is required.

TAKINGS IMPACT ASSESSMENT. No private real property interests are affected by this proposal, and the proposal does not

restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action. Therefore, the rules do not constitute a taking under Texas Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. The Department is requesting public comments on the proposed amendments and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. Please include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information. Written comments on the proposed amendments may be submitted in writing to Devon Bijansky, General Counsel, Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752-1699 or by email to CUDMail@ cud.texas.gov. To be considered, a written comment must be received within 30 days after publication of the proposal in the *Texas Register*.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Finance Code §15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Title 2, Chapter 15 and Title 3, Subtitle D.

STATUTORY SECTIONS AFFECTED. The statutory provisions affected by the proposed amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D.

§95.302. *Powers.*

The guaranty credit union, pursuant to Texas Finance Code §15.410(b) and to the powers contained in Subtitle D, Title 3, Texas Finance Code, may:

(1) - (15) (No change.)

(16) Acquire a promissory note or other asset upon which a nonmember is liable, provided such acquisition is made, in the discretion of the guaranty credit union, to protect an inferior lien held by the guaranty credit union, a participating credit union, member of the guaranty credit union or a member of a participating credit union member of the guaranty credit union. Such acquisitions shall not be subject to the restrictions of §91.701 et. seq. of this title (relating to Lending Powers [Loans]);

(17) - (18) (No change.)

§95.305. *Audited Financial Statements; Accounting Procedures; Reports.*

(a) - (c) (No change.)

(d) All of the provisions of this section are in addition to those prescribed in §91.209 of this title (relating to Call Reports and Other Information Requests [Reports and Charges for Late Filing]).

§95.310. *Fees and Charges.*

(a) A guaranty credit union shall pay the fees prescribed in §97.113 of this title (relating to [Operating] Fees and Charges) in the same manner as any other credit union chartered under the Act.

(b) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 27, 2026.
TRD-202601392



TITLE 16. ECONOMIC REGULATION

PART 2. PUBLIC UTILITY COMMISSION OF TEXAS

CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS

The Public Utility Commission of Texas (commission) proposes amendments to 16 Texas Administrative Code (TAC) §24.3 relating to Definitions, §24.25, relating to Form and Filing of Tariffs, §24.27, Notice of Intent and Application to Change Rates, §24.41, relating to Cost of Service, and §24.43, relating to Rate Design. The commission also proposes new 16 TAC §24.26, relating to Test Year and §24.28, relating to Review of Test Year.

The proposed new rules will implement Texas Water Code §§13.1831, 13.184(d), and 13.185(l) and (m) as enacted by House Bill (HB) 2712 during the Texas 89th Regular Legislative Session (89R). The proposed amended rules will implement Texas Water Code §§13.185(j), 13.183(a)(1), 13.184(a), 13.185(b), (d)(1), and (j) as amended by HB 2712 (89R), and Texas Water Code §13.185(k) as enacted by HB 2712 (89R). The proposed amended and new rules will enable water and sewer utilities to enter a combined test year or a future test year in a comprehensive base rate proceeding. The proposed rules will also make conforming changes associated with the implementation of a combined test year and future test year. The commission also proposes conforming changes to the Class A Utility Annual Report Form for a utility that elects to use a combined test year or a future test year. The commission also proposes revisions to the Class A, B, C, and D Water and Sewer Annual Report General Instructions (Annual Report General Instructions) to conform with recent electronic filing changes. The proposed rules will also implement Texas Water Code §13.002 of the Texas Water Code, as enacted by Senate Bill (SB) 740, Section 2 (89R) by adding the definition of "public utility agency."

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rules are in effect, the following statements will apply:

- (1) the proposed rules will create a government program and will eliminate a government program;
- (2) implementation of the proposed rules will not require the creation of new employee positions and will not require the elimination of existing employee positions;
- (3) implementation of the proposed rules will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rules will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rules will create a new regulation in accordance with the requirements of HB 2712 (89R);

(6) the proposed rules will expand, limit, or repeal an existing regulation;

(7) the proposed rules will not change the number of individuals subject to the rule's applicability; and

(8) the proposed rules will affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Michah Noon, Rate Analyst, Tariff and Rate Analysis Division has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Mr. Noon has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be the availability of a future test year or combined test year for water and sewer utilities to set rates in accordance with HB 2712 (89R). There will not be any probable economic costs to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed sections are in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by May 14, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by May 14, 2026. Comments should be organized in a man-

ner consistent with the organization of the proposed rules. The commission invites specific comments regarding the effects of the proposed rule, including the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission also requests any data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The commission will consider the information submitted by commenters and the costs and benefits of implementation in deciding whether to modify the proposed rules on adoption. All comments should refer to Project Number 59086.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

In addition to comments on the proposed rule text, the commission requests comments on the following questions concerning the proposed rules and the implementation of HB 2712. Questions for comment should be interpreted broadly and understood to potentially entail future revision to any underlying rule language. Any provision or concept explored in a question for comment indicates that provision or concept is specifically noticed for consideration and review in the rulemaking. Responses to questions for comment, including draft language provided by commenters, are within the scope of such consideration and review. The inclusion of additional analysis, research, or other relevant information is encouraged when responding to questions for comment.

In addition to the proposed revisions to the Class A Annual Report Form and the Annual Report General Instructions in this rulemaking, the commission is contemplating a later rulemaking to update other commission-prescribed forms to accommodate utilities that select a combined test year and a future test year.

The commission has identified the following commission-prescribed forms as potentially requiring changes. While the commission offers no edits to these forms and does not intend to change the forms in this rulemaking project, the commission requests comment from stakeholders to identify any necessary changes. Specifically, the commission requests redline edits or comments recommending changes to the following forms:

Class B Water Sewer Annual Report;

Class C Water Sewer Annual Report;

Class D Water Sewer Annual Report;

Application to Obtain or Amend a Water or Sewer Certificate of Convenience and Necessity (CCN);

Application for Expedited Sale, Transfer, or Merger of a Retail Public Utility;

Application for Sale, Transfer, or Merger of a Retail Public Utility;

Class A Utility Notice of Proposed Rate Change;

Class B and C Utility Notice of Proposed Rate Change;

Class B Rate/Tariff Change Application (Schedule);

Class C Rate/Tariff Change Application (Schedule); and

Class D Rate/Tariff Change Application/Instructions/Notice (Schedule).

If there are other forms that require amendment that are not listed above, identify the additional form and any necessary changes in the same manner as requested in Question 1a.

Texas Water Code §13.185(l) and (m) require a "post test-year report" for a utility that elects to use a "fully projected future test year." In the proposed draft of §24.28, the commission has extended the requirement to perform a test year report to a utility that has elected to use a "combined test year." This is due to the requirement in §13.184(d), which applies to "a utility that uses a future or combined historic and future test year." Specifically, §13.184(d) requires the commission to determine in the *next* rate proceeding for that utility, whether the test year information resulted in rates yielding a fair return and, if so, "require the utility to refund to customers money collected in excess of a rate that would have yielded a fair return during the period in which the excessive rate was collected."

Should the commission extend the post-test year report requirement to a utility that enters a combined test year? Please include the rationale for a response to this question.

Are there alternative methods to ensure forecasted costs and revenues for a combined test year are properly accounted for to facilitate reconciliation in a later base rate proceeding?

SUBCHAPTER A. GENERAL PROVISIONS

16 TAC §24.3

Statutory Authority

The amendment is proposed under Texas Water Code §13.002(16-a), which defines the term "public utility agency" for use in Chapter 13; §13.041(a), which provides the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by the Texas Water Code that is necessary and convenient to the exercise of that power and jurisdiction; Texas Water Code §13.041(b), which provides the commission with the authority to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction; §13.1831 which requires a regulatory authority to fix rates for water and sewer services for a Class, A, B, C, or D utility based on a test year that, among other things, includes historic, future, or combined historic and future data; §13.183(a) which requires the regulatory authority to fix a utility's rates for water and sewer services at a level that will permit the utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public, based on test year information, over and above its reasonable and necessary operating expenses; §13.184(a) which prohibits the utility commission from prescribing any rate that will yield more than a fair return on the invested capital used and useful in rendering service to the public based on test year information; §13.184(d), which requires the regulatory authority to require a utility that uses a future or combined historic and future test year, to refund to customers money collected in excess of a rate that would have yielded a fair return during the period in which the excessive rate was collected if the regulatory authority determines in the next rate proceeding for that utility that the test year information used for the utility resulted in the utility's rates yielding more than a fair return on the utility's invested capital used and useful in rendering service to the public; §13.185(b), which requires utility rates to be based on the original cost of property used by and useful to the utility during the test year in providing service, including, if necessary to the financial integrity of the utility, construction work in progress at cost as recorded

on the books of the utility; §13.185(d)(1) which requires the regulatory authority to base a utility's expenses on test year information, as determined by commission rules; §13.185(j) which establishes that depreciation expense included in the cost of service includes depreciation on all depreciable utility property owned by the utility except for property provided by explicit customer agreements or funded by customer contributions in aid of construction and requires depreciation on all developer or governmental entity contributed property to be allowed in the cost of service.

Section 13.185(k) which requires the regulatory authority to allow inclusion in the rate base of facilities projected to be in service through the end of the test year; and §13.185(l) which requires a utility that selects a fully projected future test year to, not later than the 30th day after the last day of the last quarter of the test year, to file with the regulatory authority a statement that describes the utility's actual results experienced in the test year; and provides appropriate data to demonstrate the accuracy of the estimates used for the test year and serve a copy of such a statement on all parties of record in the rate proceeding in which the final rate determination using the test year was entered; and §13.185(m) which requires a utility that does not have the results or data required under §13.183(l) to file a notice with the regulatory authority stating the date on which the results or data will be available, serve a copy of that notice on all parties of record in the rate proceeding in which the final rate determination using the test year was entered, and perform the actions described under §13.185(l) as soon as possible after the results or data are available.

Cross Reference to Statute Texas Water Code §§13.002(16-a), 13.041(a) and (b), 13.1831, 13.183(a)(1), §13.184(a) and (d), §13.185(b), (d), (j), (k), (l), and (m).

§24.3. Definitions of Terms.

In this chapter, the following definitions apply unless the context indicates otherwise.

(1) - (9) (No change.)

(10) Combined test year--A test year that includes historic and future data.

(11) [(10)] Corporation--Any corporation, joint-stock company, or association, domestic or foreign, and its lessees, assignees, trustees, receivers, or other successors in interest, having any of the powers or privileges of corporations not possessed by individuals or partnerships, but does not include municipal corporations unless expressly provided in TWC chapter 13.

(12) [(11)] Customer--Any entity that purchases services from a retail public utility.

(13) [(12)] Customer class--A group of customers with similar cost-of-service characteristics that take utility service under a single set of rates.

(14) [(13)] Customer service line--The pipe connecting the water meter to the customer's point of use or the pipe that conveys sewage from the customer's premises to the service provider's service line.

(15) [(14)] District--District has the meaning assigned to it by TWC §49.001(a).

(16) [(15)] Facilities--All the plant and equipment of a retail public utility, including all tangible and intangible real and personal property without limitation, and any and all means and instrumentalities in any manner owned, operated, leased, licensed, used, controlled,

furnished, or supplied for, by, or in connection with the business of any retail public utility.

(17) Future test year--A test year that includes only future data.

(18) Historic test year--A test year that includes only historical data.

(19) [(16)] Inactive connection--A water or wastewater connection is considered to be inactive when the ability to provide water or wastewater service is either physically removed or permanently closed.

(20) [(17)] Incident of tenancy--Water or sewer service provided to tenants of rental property for which no separate or additional service fee is charged other than the rental payment.

(21) [(18)] Landowner--An owner or owners of a tract of land.

(22) [(19)] Member--A person who holds a membership in a water supply or sewer service corporation and who is a record owner of a fee simple title to property in an area served by a water supply or sewer service corporation, or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the corporation. In determining member control of a water supply or sewer service corporation, a person is entitled to only one vote regardless of the number of memberships the person owns.

(23) [(20)] Minimum Monthly Charge--The fixed amount billed to a customer each month even if the customer uses no water or wastewater.

(24) [(21)] Municipality--Cities organized under the general, home rule, or special laws of this state.

(25) [(22)] Municipally owned utility--Any retail public utility owned, operated, and controlled by a municipality or by a nonprofit corporation whose directors are appointed by one or more municipalities.

(26) [(23)] Nonfunctioning system or utility--A system that is operating as a retail public utility and:

(A) is required to have a CCN and is operating without a CCN; or

(B) is under supervision in accordance with §24.353 of this title (relating to Supervision of Certain Utilities); or

(C) is under the supervision of a receiver, temporary manager, or has been referred for the appointment of a temporary manager or receiver, in accordance with §24.355 of this title (relating to Operation of Utility that Discontinues Operation or Is Referred for Appointment of a Receiver) and §24.357 of this title (relating to Operation of a Utility by a Temporary Manager).

(27) [(24)] Person--Natural persons, partnerships of two or more persons having a joint or common interest, mutual or cooperative associations, water supply or sewer service corporations, and corporations.

(28) [(25)] Point of use--The primary service connection point where water is used or sewage is generated.

(29) [(26)] Potable water--Water that is suitable for drinking.

(30) [(27)] Potential connections--Total number of active plus inactive connections.

(31) [(28)] Premises--A tract of land or real estate including buildings and other appurtenances thereon.

(32) Public utility agency--A public utility agency created under Chapter 572 of the Texas Local Government Code.

(33) [(29)] Rate--Every compensation, tariff, charge, fare, toll, rental, and classification or any of those items demanded, observed, charged, or collected, whether directly or indirectly, by any retail public utility, for any service, product, or commodity described in TWC §13.002(23), and any rules, regulations, practices, or contracts affecting that compensation, tariff, charge, fare, toll, rental, or classification.

(34) [(30)] Requested area--The area that a petitioner or applicant seeks to obtain, add to, or remove from a retail public utility's certificated service area.

(35) [(31)] Retail public utility--Any person, corporation, public utility, water supply or sewer service corporation, municipality, public utility agency, political subdivision or agency operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both, for compensation.

(36) [(32)] Retail water or sewer utility service--Potable water service or sewer service, or both, provided by a retail public utility to the ultimate consumer for compensation.

(37) [(33)] Service--Any act performed, anything furnished or supplied, and any facilities or lines committed or used by a retail public utility in the performance of its duties under TWC chapter 13 to its patrons, employees, other retail public utilities, and the public, as well as the interchange of facilities between two or more retail public utilities.

(38) [(34)] Service area--Area to which a retail public utility is obligated to provide retail water or sewer utility service.

(39) [(35)] Stand-by fee--A charge, other than a tax, imposed on undeveloped property:

(A) with no water or wastewater connections; and

(B) for which water, sanitary sewer, or drainage facilities and services are available; water supply, wastewater treatment plant capacity, or drainage capacity sufficient to serve the property is available; or major water supply lines, wastewater collection lines, or drainage facilities with capacity sufficient to serve the property are available.

(40) Test year--A consecutive 12-month period that begins on the first day of a calendar or fiscal year quarter selected by a Class A, B, C, or D utility to fix rates that includes historic, future, or combined historic and future data. A test year begins not later than 18 months after the date the utility files the statement of intent to change rates and ends not earlier than 18 months before the date the utility files the statement of intent to change rates. A test year may be a combined test year, a future test year, or a historic test year.

[(36) Test year--The most recent 12-month period beginning on the first day of a calendar or fiscal-year quarter for which operating data for a retail public utility are available.]

(41) [(37)] Tract of land--An area of land that has common ownership and is not severed by other land under different ownership, whether owned by government entities or private parties; such other land includes roads and railroads. A tract of land may be acquired through multiple deeds or shown in separate surveys.

(42) [(38)] Water and sewer utility, utility, or public utility--Any person, corporation, cooperative corporation, affected county,

or any combination of those persons or entities, other than a municipal corporation, public utility agency, water supply or sewer service corporation, or a political subdivision of the state, except an affected county, or their lessees, trustees, and receivers, owning or operating for compensation in this state equipment or facilities for the transmission, storage, distribution, sale, or provision of potable water to the public or for the resale of potable water to the public for any use or for the collection, transportation, treatment, or disposal of sewage or other operation of a sewage disposal service for the public, other than equipment or facilities owned and operated for either purpose by a municipality or other political subdivision of this state or a water supply or sewer service corporation, but does not include any person or corporation not otherwise a public utility that furnishes the services or commodity only to itself or its employees or tenants as an incident of that employee service or tenancy when that service or commodity is not resold to or used by others.

(43) [(39)] Water supply or sewer service corporation--Any nonprofit corporation organized and operating under TWC chapter 67, that provides potable water or sewer service for compensation and that has adopted and is operating in accordance with bylaws or articles of incorporation which ensure that it is member-owned and member-controlled. The term does not include a corporation that provides retail water or sewer utility service to a person who is not a member, except that the corporation may provide retail water or sewer utility service to a person who is not a member if the person only builds on or develops property to sell to another and the service is provided on an interim basis before the property is sold.

(44) [(40)] Water use restrictions--Restrictions implemented to reduce the amount of water that may be consumed by customers of the utility due to emergency conditions or drought.

(45) [(41)] Wholesale water or sewer service--Potable water service or sewer service, or both, provided to a person, political subdivision, or municipality who is not the ultimate consumer of the service.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 26, 2026.

TRD-202601381

Katelyn Lewis

Projects Coordinator

Public Utility Commission of Texas

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 936-7044



SUBCHAPTER B. RATES AND TARIFFS

16 TAC §§24.25 - 24.28, 24.41, 24.43

Statutory Authority

The amendments and new rules are proposed under Texas Water Code §13.002(16-a), which defines the term "public utility agency" for use in Chapter 13; §13.041(a), which provides the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by the Texas Water Code that is necessary and convenient to the exercise of that power and jurisdiction; Texas Water Code §13.041(b), which provides the commission with the authority to adopt and enforce rules

reasonably required in the exercise of its powers and jurisdiction; §13.1831 which requires a regulatory authority to fix rates for water and sewer services for a Class, A, B, C, or D utility based on a test year that, among other things, includes historic, future, or combined historic and future data; §13.183(a) which requires the regulatory authority to fix a utility's rates for water and sewer services at a level that will permit the utility a reasonably opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public, based on test year information, over and above its reasonable and necessary operating expenses; §13.184(a) which prohibits the utility commission from prescribing any rate that will yield more than a fair return on the invested capital used and useful in rendering service to the public based on test year information; §13.184(d), which requires the regulatory authority to require a utility that uses a future or combined historic and future test year, to refund to customers money collected in excess of a rate that would have yielded a fair return during the period in which the excessive rate was collected if the regulatory authority determines in the next rate proceeding for that utility that the test year information used for the utility resulted in the utility's rates yielding more than a fair return on the utility's invested capital used and useful in rendering service to the public; §13.185(b), which requires utility rates to be based on the original cost of property used by and useful to the utility during the test year in providing service, including, if necessary to the financial integrity of the utility, construction work in progress at cost as recorded on the books of the utility; §13.185(d)(1) which requires the regulatory authority to base a utility's expenses on test year information, as determined by commission rules; §13.185(j) which establishes that depreciation expense included in the cost of service includes depreciation on all depreciable utility property owned by the utility except for property provided by explicit customer agreements or funded by customer contributions in aid of construction and requires depreciation on all developer or governmental entity contributed property to be allowed in the cost of service.

Section 13.185(k) which requires the regulatory authority to allow inclusion in the rate base of facilities projected to be in service through the end of the test year; and §13.185(l) which requires a utility that selects a fully projected future test year to, not later than the 30th day after the last day of the last quarter of the test year, to file with the regulatory authority a statement that describes the utility's actual results experienced in the test year; and provides appropriate data to demonstrate the accuracy of the estimates used for the test year and serve a copy of such a statement on all parties of record in the rate proceeding in which the final rate determination using the test year was entered; and §13.185(m) which requires a utility that does not have the results or data required under §13.183(l) to file a notice with the regulatory authority stating the date on which the results or data will be available, serve a copy of that notice on all parties of record in the rate proceeding in which the final rate determination using the test year was entered, and perform the actions described under §13.185(l) as soon as possible after the results or data are available.

Cross Reference to Statute Texas Water Code §§13.002(16-a), 13.041(a) and (b), 13.1831, 13.183(a)(1), §13.184(a) and (d), §13.185(b), (d), (j), (k), (l), and (m).

§24.25. *Form and Filing of Tariffs.*

- (a) (No change.)
- (b) Requirements as to size, form, identification, minor changes, and filing of tariffs.

- (1) Tariffs filed with applications for CCNs.

(A) - (B) (No change.)

(C) A person under the original rate jurisdiction of the commission who is seeking to obtain or amend an approved tariff or has obtained an approved tariff for the first time must comply with the requirements of §24.26 of this title (relating to Test Year).

~~[(C) A person under the original rate jurisdiction of the commission who has obtained an approved tariff for the first time must file a rate change application within 18 months from the date service begins to revise its rates to be based on a historic test year. Any dollar amount collected under the rates initially approved by the commission that exceeds the revenue requirement established by the commission during the rate change proceeding must be reflected as customer contributed capital going forward as an offset to rate base for ratemaking purposes. A Class D utility must file a rate change application under TWC §13.1872(e)(2) to satisfy the requirements of this subparagraph.]~~

(D) (No change.)

(2) Minor tariff changes. Except for an affected county or a utility under the original rate jurisdiction of a municipality, a utility's approved tariff may not be changed or amended without commission approval. Changes to any fees charged by affiliates, the addition of a new extension policy to a tariff, or modification of an existing extension policy are not minor tariff changes. An affected county may change rates for retail water or sewer service without commission approval, but must file a copy of the revised tariff with the commission within 30 days after the effective date of the rate change.

(A) The commission, or regulatory authority, as appropriate, may approve the following minor changes to utility tariffs:

(i) - (v) (No change.)

(viii) some surcharges as provided in subparagraph (G) of this paragraph; and

(ix) (No change.)

(B) - (G) (No change.)

(3) - (5) (No change.)

(c) - (l) (No change.)

§24.26. Test Year.

(a) Applicability. This section applies to a person under the original rate jurisdiction of the commission who is seeking to obtain or amend an approved tariff in accordance with §24.25 of this title (relating to Form and Filing of Tariffs) and establish rates using a test year.

(b) Definitions. The following terms, when used in this section, have the following meanings unless the context indicates otherwise:

(1) Base period--A consecutive 12 calendar month period that ends on or before the date the applicant files its statement of intent to change rates. A base period must include historical data and begin no earlier than five years before the date the statement of intent to change rates was filed.

(2) Future data--Data relied upon by the utility to determine its forecasted, projected, or estimated costs, usage, revenues, adjustments, and other information of the utility that corresponds with the portion of the combined test year that immediately follows the utility filing its statement of intent to change rates, or the future test year, as applicable.

(3) Historical data--Data relied upon by the utility to support its actually incurred costs, usage, revenues, adjustments, and other

information of the utility. Historical data may include, as one component, the utility's annual reports filed in accordance with §24.129 of this title (relating to Water and Sewer Utility Annual Reports).

(c) General requirements for tariffs.

(1) Requirements applicable to new utilities. This paragraph applies only to a utility that has obtained an approved tariff for the first time.

(A) Within 30 months from the date service begins, a utility must file a rate change application to revise its rates to be based on a test year. A Class D utility must file a rate change application under TWC §13.1872(c)(2) to satisfy the requirements of this paragraph.

(B) For a base rate change application that utilizes a historic test year, any dollar amount collected under the rates that were initially approved by the commission that exceeds the revenue requirement established by the commission during the rate change proceeding must, for ratemaking purposes, be reflected as customer contributed capital going forward as an offset to rate base.

(2) Utility designation of test year.

(A) A utility must present a test year that complies with the definition under §24.3(36) of this title (relating to Definitions).

(B) If the test year selected by the utility is a combined test year or a future test year, the test year must include future data and identify a base period.

(3) Application requirements. A utility must provide evidence in its rate change application that its proposed rates are just and reasonable using its selected test year, including providing all information in support of its selected test year used to establish rates. Such information must include:

(A) known and measurable changes which must, at a minimum, include explicit and direct connections between the applicant's test year information and the applicant's audited financial accounts, billing system extracts, or other records such as the utility's annual report under §24.129 of this title;

(B) supporting documentation, testimony, or other relevant information for all provided data, which must at least consist of:

(i) data that substantiates all costs, revenues adjustments, offsets, normalizations, and other changes;

(ii) an identification and explanation of any adjustment, offset, or normalization that includes the quantity and percentage of the change; and

(iii) evidence that all adjustments, offsets, or normalizations for costs, revenues or other changes that would affect rates have been properly accounted for;

(C) if the utility selects a combined test year or a future test year, documentation or testimony supporting the following, presented in the manner described by subparagraph (B) of this paragraph.

(i) For a utility seeking an increase in its revenue requirement that is attributable to inflation, any forecasts, estimates, or projections based on inflation must be separately categorized by, and proportional to an inflation index published by the United States Department of Labor, Bureau of Labor Statistics (e.g., the Gross Domestic Product Price Index (GDPPI) or the Consumer Price Index (CPI)). Information accounting for inflation must be included for, as applicable:

(I) the portion of the combined test year that immediately follows the utility filing its statement of intent to change rates; or

(II) the future test year;

(ii) documentation and explanation supporting the reasonableness of any forecasts, projections or estimates sufficient to substantiate the methodology or calculations associated with each forecast, projection, or estimate (e.g., expected changes in cost and billing determinants, forecasted revenue adjustments) for, as applicable:

(I) the portion of the combined test year that immediately follows the utility filing its statement of intent to change rates; or

(II) the future test year; and

(D) a workpaper index or ledger for the information provided in accordance with subparagraphs (A) - (C) of this paragraph, as applicable, with cross-references identifying information category by page number; and

(E) an attestation by an executive officer or owner of the utility that all information provided under subparagraphs (A) - (E) of this paragraph is true, accurate, and complete.

(d) Base rate change application requirements. A base rate change application must comply with this subsection as well as the form and content requirements included in the commission-prescribed forms and instructions applicable to the utility's class.

(1) Application content based on test year. In addition to the requirements of §24.25 and §24.27 of this title (relating to Form and Filing of Tariffs and Notice of Intent and Application to Change Rates, respectively), a base rate change application must comply with the applicable requirements prescribed under this paragraph based on the utility's selected test year.

(A) Historic test year content requirements. If the applicant selects a historic test year, the application must include information on and comparisons of revenues and costs between:

(i) the historic test year; and

(ii) as specified and applicable in the commission-prescribed forms and instructions applicable to the utility's class:

(I) the calendar years immediately preceding the date the historic test year was entered;

(II) the current year-to-date; and

(III) if available, the calendar year immediately subsequent to the date the historic test year ended.

(B) Combined test year or future test year content requirements. If the applicant selects a combined test year or a future test year, the application must include information on and comparisons of revenues and costs between:

(i) the base period; and

(ii) as applicable, the combined test year or the future test year.

(2) Application content requirements. A base rate change application must, at a minimum:

(A) as applicable for each schedule or workpaper, be itemized by each individual rate or fee, usage, calendar month, type of expense, applicable utility account, and by each customer class;

(B) include the utility's actual costs and revenues, including any adjustments for known and measurable changes, annualizations, or normalizations but excluding inflation;

(C) include any relevant data, attachments, or supplementary materials filed in their native format and, if applicable, with formulas intact; and

(D) be word-searchable.

(e) Review of combined test year or future test year. A combined test year or a future test year will be reviewed by the commission in accordance with §24.28 of this title (relating to Review of Test Year).

§24.27. Notice of Intent and Application to Change Rates.

(a) (No change.)

(b) Contents of the application. An application to change rates is initiated by the filing of the applicable rate filing package, a statement of intent to change rates, and the proposed form and method of notice to customers and other affected entities under subsection (c) of this section.

(1) The application must:

(A) include the commission's rate filing package form; [and]

(B) include all required schedules;

(C) [(2) The application must] be based on a test year; and [as defined in §24.3(36) of this title (relating to Definitions of Terms);]

(D) indicate whether the test year is a historic, future, or combined test year; and.

(E) for an applicant that selects a future or combined test year, include the applicable information required under §24.26 of this title (relating to Test Year).

(2) [(3)] For an application filed by a Class A utility, the rate filing package, including each schedule, must be supported by pre-filed direct testimony. The pre-filed direct testimony must be filed at the same time as the application to change rates.

(3) [(4)] For an application filed by a Class B utility, Class C utility, or Class D utility filing under TWC §13.1872(c)(2), the applicable rate filing package, including each schedule, must be supported by affidavit. The affidavit must be filed at the same time as the application to change rates. The utility may file pre-filed direct testimony at the same time as the application to change rates. If the application is set for a hearing, the presiding officer may require the filing of pre-filed direct testimony at a later date.

(4) [(5)] Proof of notice. Proof of notice in the form of an affidavit stating that proper notice was mailed, e-mailed, or delivered to customers and affected municipalities and stating the dates of such delivery must be filed with the commission by the applicant utility as part of the rate change application.

(c) - (g) (No change.)

§24.28. Review of Test Year.

(a) Applicability This subsection applies to a utility that elects to use a combined test year or a future test year under §24.26 of this title (relating to Test Year).

(b) Post-test year report. A utility that selects a combined test year or future test year or its successor in interest must comply with this paragraph, as applicable. The information required under this subsection must be filed in a compliance docket opened contemporaneously with the utility's comprehensive base rate case.

(1) The written statement required under paragraph (2) of this subsection must be incorporated into, or otherwise included as an

attachment to, the utility's next annual report required by §24.129 of this title (relating to Time Between Filings); and

(2) No later than the 30th day after the last day of the last quarter of the combined test year or the future test year the utility must:

(A) file a written statement that:

(i) describes the utility's actual cost and revenue results experienced in the future test year being reported; and

(ii) provides appropriate data to demonstrate the accuracy of the estimates used for the test year;

(B) serve a copy of the written statement described under subparagraph (A)(i) of this paragraph on the parties of record in the rate proceeding in which the final rate determination using the combined test year or the future test year was entered; and

(C) file proof of notice in the form of an affidavit that states notice was properly delivered in accordance with subparagraph (B) of this paragraph.

(3) A utility or its successor in interest that does not have the results or data required to perform the actions listed under paragraph (1) of this subsection by the specified date must:

(A) file a written notice with the commission that:

(i) states the date on which the results or data will be available;

(ii) provides a list of the results or data that are unavailable; and

(iii) a brief explanation of why the results or data are unavailable; and

(B) perform the actions specified by paragraph (1) of this subsection as soon as possible after the results or data are available, but no later than the 60th day after the last day of the last quarter of the combined test year or the future test year.

(c) Commission review of forecasts or projections. The commission will review the actual costs and revenues incurred during the portion of the combined test year that immediately follows the utility filing its statement of intent to change rates or, as applicable, the future test year in the manner described by this subsection.

(1) Accounting of actual costs and revenues.

(A) Only capital projects that the utility reasonably projects to be used and useful in the combined test year or the future test year, as applicable, may be included in rate base unless otherwise authorized by the commission for inclusion as CWIP under §24.41 of this title (relating to Cost of Service).

(B) Costs attributable to extraordinary circumstances within the portion of the combined test year that immediately follows the utility filing its statement of intent to change rates or the future test year, as applicable, may be included in rate base through an adjustment after a showing of good cause by a utility and an evidentiary finding by the commission. For purposes of this clause, the term "extraordinary circumstances" include:

(i) events affecting service to critical customers; or

(ii) natural disasters (e.g., droughts, floods, hurricanes, tornadoes, winter storms) or other system emergencies that result in conditions on the utility's utility system that are likely to result in imminent, significant disruption of service to customers or is imminently likely to endanger life or property.

(2) Retrospective analysis of combined test year or future test year. A utility must file a retrospective analysis in its next comprehensive base rate proceeding filed with the commission.

(A) Contents of retrospective analysis. A retrospective analysis must include the post-test year report required by subsection (b) of this section, supplemented with any additional narratives or explanations that the utility determines are relevant.

(B) Evaluation of retrospective analysis. The commission will review the utility's retrospective analysis in a comprehensive base rate proceeding to determine whether the utility's forecasted costs and revenues reasonably align with the utility's actual costs and revenues and whether revenues yielded a fair return.

(i) The presiding officer will account for a retrospective analysis in the procedural schedule for a comprehensive base rate proceeding, including the appropriate scope of discovery.

(ii) The commission may perform one or more of the following actions at the conclusion of such an evaluation in a comprehensive base rate proceeding upon an evidentiary finding that a utility's actual costs and revenues exceeded the return approved by the commission in the utility's last comprehensive base rate proceeding:

(I) for any customer class, order a refund in accordance with clause (iv) of this subparagraph as necessary to account for any over-collections; or

(II) any other action deemed necessary by the commission to ensure just and reasonable rates.

(iii) The presiding officer may require the utility to provide additional documentation it deems necessary to evaluate the retrospective analysis under this subparagraph, including additional data, studies, or other information.

(iv) If the commission determines the utility's return was excessive and orders a refund in accordance with clause (ii)(I) of this subparagraph, the commission will:

(I) determine the rate for the utility that would have yielded a fair return and require a refund to customers, which must include carrying costs; and

(II) require the utility to refund to customers the difference between the excessive rate and the rate determined by the commission.

(v) Earnings that exceed a utility's fair rate of return must be separately tracked as a regulatory liability that will be subject to refund in the utility's next comprehensive base rate proceeding.

(vi) Carrying costs for a refund will be determined in accordance with this clause:

(I) For the time period beginning with the date on which over-recovery is determined to have begun to the effective date of the new base rates, carrying costs must be calculated using the same rate of return that was applied to the investments in the utility's base rate proceeding that resulted in the over-recovery.

(II) For the time period beginning with the effective date of the new base rates, carrying costs must be calculated using the electric utility's rate of return authorized in the comprehensive base-rate proceeding.

§24.41. Cost of Service.

(a) (No change.)

(b) Allowable expenses. Only those expenses that are reasonable and necessary to provide service to the ratepayers may be included

in allowable expenses. In computing a utility's allowable expenses, only the utility's test year expenses [as adjusted for known and measurable changes] will be considered. A change in rates must be based on a test year as defined in §24.3[(37)] of this title[.] (relating to Definitions of Terms) and, as applicable, comply with the requirements of §24.26 (relating to Test Year). Payments to affiliated interests for costs of service, or any property, right, or thing, or for interest expense are not allowed as an expense for cost of service except as provided in Texas Water Code (TWC) §13.185(e).

(1) Components of allowable expenses. Allowable expenses, to the extent they are reasonable and necessary, may include, but are not limited to, the following general categories:

(A) (No change.)

(B) Depreciation expense based on original cost and computed on a straight-line basis over the useful life of the asset as approved by the commission.

(i) Depreciation expense is allowed on all [currently used and useful] depreciable utility property owned by the utility, including CWIP reasonably projected to be in service during a combined test year or future test year, and depreciable utility plant, property and equipment retired by the utility, subject to the requirements of subparagraph (c)(2)(C) of this section. Depreciation expense is not allowed for property provided under explicit customer agreements or funded by customer contributions in aid of construction. Depreciation expense is allowed for all [currently used and useful] developer or governmental entity contributed property. A utility must calculate depreciation on a straight-line basis over the expected or remaining life of the asset, but is not required to use the remaining life method if salvage value is zero. A utility that does not use group depreciation and proposes to change the useful life of an asset with an accumulated depreciation balance must not change the accumulated depreciation balance and must adjust depreciation expense going forward based on the changed useful life.

(ii) (No change.)

(C) - (G) (No change.)

(2) (No change.)

(c) Return on rate base. The return on rate base is the rate of return times rate base.

(1) Rate of return. The commission will allow each utility a reasonable opportunity to earn a reasonable rate of return, which is expressed as a percentage of invested capital, and will fix the rate of return in accordance with the following principles.

(A) The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties.

(B) The commission will consider the utility's cost of capital, which is the composite of the cost of the various classes of capital used by the utility.

(i) Debt capital. The cost of debt capital is the actual cost of debt, plus adjustments for premiums, discounts, and refunding and issuance costs.

(ii) Equity capital. For companies with ownership expressed in terms of shares of stock, equity capital commonly consists of the following classes of stock.

(I) Common stock capital. The cost of common stock capital must be based upon a fair return on its value.

(II) Preferred stock capital. The cost of preferred stock capital is its annual dividend requirement, if any, plus an adjustment for premiums, discounts, and cost of issuance.

(C) The commission will consider the efforts and achievements of the utility in the conservation of resources, the quality of the utility's services, the efficiency of the utility's operations, and the quality of the utility's management, along with other relevant conditions and practices.

(D) The commission may consider inflation, deflation, the growth rate of the service area, and the need for the utility to attract new capital.

(2) Rate base. The rate of return is applied to the rate base. Assets retired before June 19, 2009, must be removed from rate base before the rate of return is applied to the rate base. Components to be included in determining the rate base are as follows:

(A) (No change.)

(B) Original cost, less accumulated depreciation, of utility plant, property, and equipment used by and useful to the utility during the test year in providing service.

(C) - (D) (No change.)

(3) (No change.)

(4) Construction work in progress (CWIP).

(A) This subparagraph applies to a utility that elects to use a historic test year. The inclusion of CWIP is an exceptional form of relief. Under ordinary circumstances, the rate base consists only of those items that are used and useful in providing service to the public. Under exceptional circumstances, the commission may include CWIP in rate base to the extent that the utility has proven that:

(i) [(A)] the inclusion is necessary to the financial integrity of the utility; and

(ii) [(B)] major projects under construction have been efficiently and prudently planned and managed.

(B) This subparagraph applies to a utility that elects to use a combined test year or a future test year. The commission will review CWIP to determine the extent the utility projects some or all of CWIP to be in service through the end of the combined test year or future test year. CWIP that the utility projects will be in service by the end of the combined test year or the future test year will be included in rate base. The utility has the burden of proving that:

(i) CWIP is reasonably projected to be in service through the end of the combined test year or future test year; and

(ii) clear and convincing evidence demonstrates that inclusion of CWIP is in the ratepayers' best interest and is necessary to the financial integrity of the utility.

(5) Requirements for post-test year adjustments.

(A) A post-test year adjustment to test year data for known and measurable rate base additions may be considered only if:

(i) the addition represents a plant which would appropriately be recorded for investor-owned utilities in National Association of Regulatory Utility Commissioners (NARUC) account 101 or 102;

(ii) the addition comprises at least 10% of the utility's requested rate base, exclusive of post-test year adjustments and CWIP;

(iii) the addition is in service before the rate year begins; ~~and~~

(iv) the attendant impacts on all aspects of a utility's operations, including but not limited to, revenue, expenses and invested capital, can with reasonable certainty be identified, quantified and matched. Attendant impacts are those that reasonably result as a consequence of the post-test year adjustment being proposed; and [-]

(v) the test year is a historic test year.

(B) - (C) (No change.)

(6) Future test year and combined test year requirements.

(A) A utility that selects a future test year must comply with §24.26 of this title (relating to Test Year), as applicable.

(B) A utility that selects a combined test year must comply with the requirements of §24.26 of this title only for the portion of the combined test year that incorporates future data.

(d) - (g) (No change.)

§24.43. Rate Design.

(a) General. In fixing the rates of a utility, the commission shall fix its overall revenues at a level which will permit such utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public, based on test year information, over and above its reasonable and necessary operating expenses (unless an alternative rate method is used as set forth in §24.75 of this title (relating to Alternative Rate Methods), and preserve the financial integrity of the utility.

(b) - (c) (No change.)

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 26, 2026.

TRD-202601382

Katelyn Lewis

Projects Coordinator

Public Utility Commission of Texas

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 936-7044



SUBCHAPTER H. CERTIFICATES OF CONVENIENCE AND NECESSITY

16 TAC §24.245, §24.259

The Public Utility Commission of Texas (commission) proposes amendments to 16 Texas Administrative Code (TAC) §24.245, relating to Revocation of a Certificate of Convenience and Necessity or Amendment of a Certificate of Convenience and Necessity by Decertification, Expedited Release or Streamlined Expedited Release, and §24.259, relating to Single Certification in Incorporated or Annexed Areas. The proposed rule will implement Texas Water Code (TWC) §§13.254, 13.2541, and 13.255 as revised by House Bill (HB) 837 (87th Leg. R.S), HB 2442 (88th Leg. R.S), and HB 1318 (89th Leg. R.S). Amendments to §24.245 establish requirements for an expedited release and a streamlined expedited release petitioner to submit a report to the commission, which verifies that compensation was paid by them to the former certificate of convenience and necessity

(CCN) holder. Amendments to §24.259 implement the following process and procedural modifications: establishes requirements for a municipality or franchised utility to submit a report to the commission, verifying compensation paid by it to the former retail public utility; replaces the requirement for the commission to determine compensation for former retail public utility property rendered useless or valueless by single certification with a requirement to determine just and adequate compensation for adverse effects on property remaining in former utility's ownership; and requires that appeals against a final order of the commission granting single certification to a municipality must be filed with the commission before seeking further review. Additionally, clarifying and consistency edits were made to the rule language, including non-substantive revisions to a definition to improve clarity.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule is in effect, the following statements will apply:

- (1) the proposed rule will not create a government program and will not eliminate a government program;
- (2) implementation of the proposed rule will not require the creation of new employee positions and will not require the elimination of existing employee positions;
- (3) implementation of the proposed rule will not require an increase and will not require a decrease in future legislative appropriations to the agency;
- (4) the proposed rule will not require an increase and will not require a decrease in fees paid to the agency;
- (5) the proposed rule will not create a new regulation;
- (6) the proposed rule will not expand, limit, or repeal an existing regulation;
- (7) the proposed rule will not change the number of individuals subject to the rule's applicability; and
- (8) the proposed rule will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Celia Eaves, Utility Outreach Administrator, Division of Utility Outreach, has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Ms. Eaves has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will strengthen compensation reporting requirements for CCN decertification and provide more opportunity to appeal certain commission decisions. There will be no probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by April 23, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by April 23, 2026. Comments should be organized in a manner consistent with the organization of the proposed rules. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission also requests any data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The commission will consider the costs and benefits in deciding whether to modify the proposed rules on adoption. All comments should refer to Project Number 59332.

Each set of comments should include a standalone executive summary as the first page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The amendments are proposed under TWC §13.041(a), which provides the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by the TWC that is necessary and convenient to the exercise of that power and jurisdiction; TWC §13.041(b), which provides the commission with the authority to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction; TWC §13.254(a-3), which provides the commission the authority to require the reporting of compensation paid by the petitioner to the decertified retail public utility; TWC §13.2541(f), which provides the commission the authority to require the reporting of compensation paid by the petitioner to the CCN holder; TWC §13.255(c-1), which provides the commission the authority to require the reporting of adequate and just compensation paid by the municipality or franchised utility to the former retail public utility; TWC §13.255(c-3), which authorizes a retail public

utility to appeal a final order of the commission granting single certification to a municipality.

Cross Reference to Statute: Texas Water Code §13.041(a); §13.041(b); §13.254(a-3); §13.254(f); §13.255(c-1); and §13.255(c-3).

§24.245. *Revocation of a Certificate of Convenience and Necessity or Amendment of a Certificate of Convenience and Necessity by Decertification, Expedited Release, or Streamlined Expedited Release.*

(a) - (e) (No change.)

(f) Expedited release.

(1) - (14) (No change.)

(15) If the commission requires an award of compensation to the former CCN holder, the petitioner must file a report verifying that the full amount of compensation has been paid to the former CCN holder. The report must be filed in the same docket in which compensation was awarded within 30 days of payment of compensation.

(g) (No change.)

(h) Streamlined expedited release.

(1) - (8) (No change.)

(9) If the commission requires an award of compensation to the former CCN holder, the petitioner must file a report verifying that the full amount of compensation has been paid to the former CCN holder. The report must be filed in the same docket in which compensation was awarded within 30 days of payment of compensation.

(i) - (l) (No change.)

§24.259. *Single Certification in Incorporated or Annexed Areas.*

(a) (No change.)

(b) Definitions. In this section, the following words and terms have the definitions provided by this subsection.

(1) Impaired property--Property remaining in the ownership of the current CCN holder after single certification that would sustain damages from or be adversely affected by the transfer of property to the municipality.

(2) Franchised utility--A retail public utility that has been granted a franchise by a municipality to provide service inside the municipal boundaries.

(3) Current CCN holder--The retail public utility that holds a CCN to provide service to the municipality's requested area.

(4) Requested [~~Transferred~~] property--Property that the municipality has requested in its application be transferred to it or to a franchised utility from the current CCN holder, which request is solely for application purposes and does not, by itself, effectuate an actual transfer.

~~[(5) Useless or valueless property--Property that would be rendered useless or valueless to the current CCN holder by single certification.]~~

(c) Notice of intent to provide service in incorporated or annexed area. A municipality that intends to provide service itself or through a franchised utility to all or part of an annexed or incorporated area must [shall] notify the current CCN holder in writing of the municipality's intent. The written notice to the current CCN holder must [shall] specify the following information:

(1) the municipality's requested area;

(2) any requested [~~transferred~~] property;

(3) the municipal ordinance or other action that annexed or incorporated the municipality's requested area;

(4) what kind of service will be provided;

(5) whether a municipally owned utility or franchised utility will provide the service; and

(6) the municipally owned utility's or the franchised utility's identity and contact information.

(d) Written agreement regarding service to area. The municipality and the current CCN holder may agree in writing that all or part of the area incorporated or annexed by the municipality may receive service from a municipally owned utility, a franchised utility, or the current CCN holder, or any combination of those entities.

(1) If a franchised utility is to provide service to any part of the area, the franchised utility must [shall] also be a party to the agreement.

(2) The executed agreement may provide for single or dual certification of all or part of the area incorporated or annexed by the municipality, for the purchase of facilities or property, and may contain any other terms agreed to by the parties.

(3) The executed agreement must [shall] be filed with the commission. The commission must [shall] incorporate the agreement's terms into the respective CCNs of the municipality, current CCN holder, and franchised utility, as appropriate.

(e) Application for single certification. If an agreement is not executed within 180 calendar days after the municipality provides written notice under subsection (c) of this section and the municipality intends to provide service to the municipality's requested area, the municipality must [shall] submit an application to the commission to grant single certification to a municipally owned utility or a franchised utility.

(1) If a franchised utility will provide service to any part of the municipality's requested area, the franchised utility must [shall] join the application.

(2) The application must [shall] include all of the information listed in this paragraph.

(A) The application must [shall] identify the municipal ordinance or other action that annexed or incorporated the municipality's requested area.

(B) The application must [shall] identify the type of service that will be provided to the municipality's requested area.

(C) The application must [shall] identify the municipally owned utility or franchised utility that will provide service to the municipality's requested area and, if each will serve part of the area, the area that each will serve.

(D) The application must [shall] identify contact information for the current CCN holder.

(E) The application must [shall] demonstrate compliance with the TCEQ's minimum requirements for public drinking water systems if the municipality owns a public drinking water system.

(F) The application must [shall] demonstrate that at least 180 calendar days have passed since the date that the municipality provided written notice under subsection (c) of this section.

(G) The application must [shall] identify with specificity any property that the municipality requests be transferred from the current CCN holder.

(H) The application must [shall] identify the boundaries of the municipality's incorporated area or extraterritorial jurisdiction by providing digital-mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US feet) or in NAD 83 Texas Statewide Mapping System (meters). The digital mapping data must [shall] include a single, continuous polygon record.

(I) The application must [shall] identify the municipality's requested area by providing mapping information to clearly identify the area the municipality is seeking in accordance with §24.257 of this title relating to Mapping Requirements for Certificate of Convenience and Necessity Application. Commission staff may request additional mapping information after the application is submitted.

(3) Within 30 calendar days of the filing of the application, commission staff must [shall] file a recommendation regarding whether the application meets the requirements of this subsection.

(f) Notices for single-certification application. The applicant must [shall] send a copy of the application to the current CCN holder by certified mail or hand-delivery on the same day that the applicant submits the application to the commission.

(g) Response to single-certification application. The current CCN holder must [shall] file a response to the application for single certification in conformance with this subsection.

(1) The response must [shall] be filed within 40 calendar days of the filing of the application.

(2) The response must [shall] state the following information:

(A) whether the single certification is agreed to; and

(B) if there is no agreement for single certification, any conditions that, if met, would cause the current CCN holder to agree to single certification.

(3) In its response, the current CCN holder must [shall] identify any [useless or valueless property, or] impaired property[.] that would result from certification of the municipality's requested area to the municipality.

(4) There is a rebuttable presumption that there is no [useless or valueless property or] impaired property if the current CCN holder fails to timely respond as required under paragraph (1) of this subsection. Upon motion and proof of service consistent with the requirements of subsection (f) of this section, the presiding officer may issue an order determining that there is no [useless or valueless property or] impaired property.

(h) Referral to SOAH.

(1) Within 50 calendar days of the filing of the application, a presiding officer must [shall] determine whether an application for single certification meets the requirements of subsection (e) of this section.

(2) If the presiding officer determines that the application meets the requirements of subsection (e) of this section, the application must [shall] be referred to the State Office of Administrative Hearings (SOAH) for a hearing. SOAH must [shall] fix a time and place for a hearing on the application and must [shall] notify the current CCN holder, municipality, and franchised utility, if any, of the hearing.

(3) Except as provided under paragraph (4) of this subsection, if the presiding officer determines that the application does not meet the requirements of subsection (e) of this section, the applicant must [shall] supplement its application to correct the identified defi-

ciencies within a timeframe, and under a process, established by the presiding officer.

(4) The application must [shall] be denied if the municipality fails to demonstrate compliance with the TCEQ's minimum requirements for public drinking water systems. This paragraph does not apply to a municipality that does not own a public drinking water system.

(i) Hearing at SOAH.

(1) The hearing at SOAH must [shall] be limited to determining what property, if any, is [useless or valueless property,] impaired property[.] or requested [transferred] property.

(2) The current CCN holder bears the burden of proof to demonstrate [to prove] what property is [useless or valueless property or] impaired property.

(3) The requested [transferred] property must [shall] be limited to the specific property identified in the application.

(4) The SOAH administrative law judge must [shall] issue a proposal for decision for the commission's consideration.

(j) Interim order. The commission must [shall] issue an interim order identifying what property, if any, is [useless or valueless property,] impaired property[.] or requested [transferred] property.

(k) Administrative Completeness. Section 24.8 of this title relating to Administrative Completeness does not apply to the determination of administrative completeness under this section. After the commission has issued its interim order under subsection (j) of this section, a presiding officer must [shall] determine that the application for single certification is administratively complete and must [shall] establish a procedural schedule that will allow total compensation for any property identified in the interim order to be determined not later than 90 calendar days after the application is determined to be administratively complete.

(l) Valuation of real property. The value of real property that the commission identified in the interim order issued under subsection (j) of this section must [shall] be determined according to the standards set forth in Texas Property Code, chapter 21, governing actions in eminent domain.

(m) Valuation of personal property. The value of personal property that the commission identified in the interim order issued under subsection (j) of this section must [shall] be determined according to this subsection.

(1) This subsection is intended to ensure that the compensation to a current CCN holder is just and adequate as provided by these rules.

(2) The following factors must [shall] be used to value personal property that the commission identified in the interim order issued under subsection (j) of this section:

(A) the impact on the current CCN holder's existing indebtedness and the current CCN holder's ability to repay that debt;

(B) the value of the current CCN holder's service facilities located within the municipality's requested area;

(C) the amount of any expenditures for planning, design, or construction of service facilities outside the incorporated or annexed area that are allocable to service to the municipality's requested area;

(D) the amount of the current CCN holder's contractual obligations allocable to the municipality's requested area;

(E) any demonstrated impairment of service or increase of cost to the current CCN holder's customers that remain after the single certification;

(F) the impact on future revenues lost from existing customers;

(G) necessary and reasonable legal expenses and professional fees;

(H) factors relevant to maintaining the current financial integrity of the current CCN holder; and

(I) other relevant factors as determined by the commission.

(n) Valuation Process.

(1) For an area incorporated by a municipality, the valuation of property that the commission identified in the interim order issued under subsection (j) of this section must [shall] be determined by a qualified individual or firm serving as an independent appraiser. The independent appraiser must [shall] be limited to appraising the property that the commission identified in the interim order issued under subsection (j) of this section. The current CCN holder must [shall] select the independent appraiser by the 21st calendar day after the date of the order determining that the application is administratively complete. The municipality must [shall] pay the independent appraiser's costs. The independent appraiser must [shall] file its appraisal with the commission by the 70th calendar day after the date of the order determining that the application is administratively complete. The valuation of property under this paragraph is binding on the commission.

(2) For an area annexed by a municipality, the valuation of property that the commission identified in the interim order issued under subsection (j) of this section must [shall] be determined by one or more independent appraisers under the process set forth in this paragraph. All independent appraisers must [shall] be limited to appraising the property that the commission identified in the interim order issued under subsection (j) of this section. All independent appraisers must [shall] be qualified individuals or firms.

(A) If the current CCN holder and the municipality can agree on an independent appraiser within ten calendar days after the application is found administratively complete, the agreed-upon independent appraiser must [shall] make a valuation of the property that the commission identified in the interim order issued under subsection (j) of this section.

(i) The agreed-upon independent appraiser must [shall] file its appraisal with the commission by the 70th calendar day after the date of the order determining that the application is administratively complete.

(ii) A valuation of property under this subparagraph is binding on the commission.

(B) If the current CCN holder and the municipality cannot agree on an independent appraiser within ten calendar days after the application is found administratively complete, the municipality must [shall] notify the serving CCN holder in writing of the failure to agree.

(i) If the parties still cannot agree within 11 calendar days of the written notification, on the 11th day, the current CCN holder and the municipality must [shall] each file with the commission a letter appointing a qualified individual or firm to serve as an independent appraiser.

(I) Within 10 business days of their appointment, the independent appraisers must [shall] meet to reach an agreed valuation of property that the commission identified in the interim order issued under subsection (j) of this section.

ation of property that the commission identified in the interim order issued under subsection (j) of this section.

(II) If the independent appraisers reach an agreed valuation of property, the agreed valuation under this subclause is binding on the commission.

(ii) If the appraisers cannot agree on a valuation before the 16th business day after the date of their first meeting under this subsection, then both parties must [shall] file separate appraisals by that date, and either the current CCN holder or the municipality must [shall] petition the commission to appoint a third appraiser to reconcile the two appraisals.

(I) The commission may delegate authority to appoint the third appraiser.

(II) The third appraiser must [shall] file an appraisal that reconciles the two other appraisals by the 80th calendar day after the application is found administratively complete.

(III) The third appraiser's valuation may not be less than the lower or more than the higher of the two original appraisals filed under subparagraph (B)(ii) of this paragraph.

(IV) A valuation of property under this clause is binding on the commission.

(C) The current CCN holder and the municipality must [shall] each pay one-half of the costs of all of the appraisers appointed under this paragraph. Payment must [shall] be made directly to the appraisers, and proofs of payment must [shall] be separately filed by the current CCN holder and the prospective retail public utility within 30 calendar days of the date of the invoice.

(o) Action after receipt of appraisals.

(1) An order incorporating the valuation determined under subsection (n) of this section must [shall] be issued by the 90th calendar day after the application is found administratively complete.

(2) The commission must [shall] deny the application if the municipality fails to demonstrate compliance with the TCEQ's minimum requirements for public drinking water systems. This paragraph does not apply to a municipality that does not own a public drinking water system.

(3) If the commission does not deny the application, the commission must [shall] do the following:

(A) determine what property, if any, is [~~useless or valueless property;~~] impaired property[;] or requested [~~transferred~~] property;

(B) determine the monetary amount that is adequate and just to compensate the current CCN holder for any such [~~useless or valueless property;~~] impaired property[;] and requested [~~transferred~~] property; [~~and~~]

(C) require the municipality or franchised utility to file a report verifying that the full amount of just and adequate compensation has been paid to the former retail public utility. The report must be filed in the same docket in which compensation was awarded within 30 days of payment of compensation; and

(D) [~~(C)~~] grant single certification to the municipality or franchised utility.

(4) The granting of single certification must [shall] be effective on the date that

(A) the municipality or franchised utility pays adequate and just compensation under a court order;

(B) the municipality or franchised utility pays an amount into the registry of the court or to the current CCN holder under TWC §13.255(f); or

(C) the Travis County district court's judgment becomes final, if the court's judgment provides that the current CCN holder is not entitled to any compensation.

(5) The commission's order does not transfer any property, except as provided under subsection (u) of this section. Any other transfer of property under this section must [shall] be obtained only by a court judgment rendered under TWC §13.255(d) or (e).

(6) A presiding officer may issue an order under this section. Any such order must [shall] be the final act of the commission subject to motions for rehearing under the commission's rules.

(p) Appeal to the commission, district court, district court judgment, and transfer of property.

(1) A retail public utility that is aggrieved by the final order of the commission may file an appeal with the commission in a separate hearing within 7 days after the final order is issued. A retail public utility must file an appeal with the commission before filing an appeal with the district court.

(2) [(+) Under TWC §13.255(e), any party that is aggrieved by a final order of the commission under this section may file an appeal with the district court of Travis County within 30 days after the order becomes final.

(3) [(2)] Under TWC §13.255(d), if the commission's final order is not appealed within 30 days, the municipality may request the Travis County district court to enter a judgment consistent with the commission's order.

(q) (No change.)

(r) Additional requirements regarding certain current CCN holders. The following subsection applies to proceedings under this section in which the current CCN holder meets the criteria of subsection (a)(3)(B) of this section.

(1) The commission or a court, as appropriate, must determine that the service provided by the current CCN holder is substandard or its rates are unreasonable in view of the current CCN holder's reasonable expenses.

(2) If the municipality abandons its application, the commission is authorized to award to the current CCN holder its reasonable expenses incurred to participate in the proceeding addressing the municipality's application, including attorney's fees.

(3) Unless the current CCN holder otherwise agrees, the municipality must [shall] take all of the current CCN holder's personal and real property that is used and useful to provide service or is eligible to be deemed so in a future rate case.

(s) Notice of single certification. Within 60 days of a transfer of property under a court judgment, the municipality or franchised utility must [shall] provide written notice to each customer within the service area that is now singly certificated. The written notice must [shall] provide the following information: the identity of the municipality or franchised utility, the reason for the transfer, the rates to be charged by the municipality or franchised utility, and the effective date of those rates.

(t) Provision of service.

(1) A municipally owned utility or a franchised utility may provide service to all or a portion of an incorporated or annexed area on one of the following dates:

(A) the date that the commission incorporates the terms of an executed agreement filed with the commission under subsection (d)(3) of this section into the CCNs of the municipality, current CCN holder, and franchised utility, if applicable; or

(B) the date that the municipality or franchised utility
(i) pays adequate and just compensation under court order, or

(ii) pays an amount into the registry of the court or to the current CCN holder under TWC §13.255(f).

(2) If the court judgment provides that the current CCN holder is not entitled to any compensation, the grant of single certification must [shall] go into effect when the court judgment becomes final.

(u) Additional conditions.

(1) If the current CCN holder did not agree in writing to a revocation or amendment sought under this section, then an affected retail public utility may request that the revocation or amendment be conditioned on the following:

(A) ordering the municipality or franchised utility, as applicable, to provide service to the entire service area of the current CCN holder; and

(B) transferring the entire CCN of the current CCN holder to the municipality or franchised utility, as applicable.

(2) The commission must [shall] order the municipality or franchised utility, as applicable, to provide service to the entire service area of the current CCN holder if the commission finds that the current CCN holder will be unable to provide continuous and adequate service at an affordable cost to the current CCN holder's remaining customers.

(A) The commission must [shall] order the municipality or franchised utility, as applicable, to provide continuous and adequate service to the remaining customers at a cost comparable to the cost of that service to the municipality's or franchised utility's other customers and must [shall] establish the terms under which service must be provided.

(B) The commission may order the following terms:

(i) transfer of debt and other contract obligations;

(ii) transfer of real and personal property;

(iii) establishment of interim service rates for affected customers during specified times; and

(iv) other provisions necessary for the just and reasonable allocation of assets and liabilities.

(3) The municipality or franchised utility, as applicable, must [shall] not charge the affected customers any transfer fee or other fee to obtain service, except

(A) the municipality's or franchised utility's usual and customary rates for monthly service, or

(B) interim rates set by the commission, if applicable.

(4) If the commission orders the municipality or franchised utility, as applicable, to provide service to the entire service area of the current CCN holder, the proceeding must [shall] not be referred to SOAH for a hearing to determine the [useless or valueless property,] impaired property[;] or requested [transferred] property, and the commission must [shall] not order compensation to the current CCN holder.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 26, 2026.

TRD-202601384

Katelyn Lewis

Projects Coordinator

Public Utility Commission of Texas

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 936-7044



PART 3. TEXAS ALCOHOLIC BEVERAGE COMMISSION

CHAPTER 35. ENFORCEMENT

16 TAC §35.7

The Texas Alcoholic Beverage Commission (TABC) proposes new rule 16 TAC §35.7, relating to Consumption of Consumable Hemp Products. The proposed rule prohibits a permittee or licensee from authorizing or allowing any person to consume a consumable hemp product (CHP) on any permitted or licensed premises where the consumption of alcoholic beverages is generally prohibited.

TABC is generally tasked with regulating every phase of the business of manufacturing, importing, exporting, transporting, storing, selling, advertising, labeling, and distributing alcoholic beverages. Tex. Alco. Bev. Code §5.31. But the agency is also directed to "supervise and regulate licensees and permittees and their places of business in matters affecting the public." *Id.* §5.33. And that "authority is not limited to matters specifically mentioned in" the Alcoholic Beverage Code. *Id.* TABC must also ensure that the place and manner in which a permittee or licensee conducts its business is consistent with the general welfare, health, peace, morals, and safety of the people and the public sense of decency. *Id.* §§11.61(b)(7), 61.71(a)(16). The proposed rule implements those provisions.

With limited exceptions, the consumption of alcoholic beverages is prohibited on the premises of the following types of permits and licenses: Wine and Malt Beverage Retailer's Off-Premise Permit, Retail Dealer's Off-Premise License, Package Store Permit, and Wine-Only Package Store Permit. This prohibition has long served an important public safety purpose. See, e.g., Bill Analysis, H.B. 877, 68th Leg., R.S. (1983) (discussing problems involving the consumption of alcoholic beverages at off-premise locations). With the recent rise in the use of CHPs, many of which are intoxicating, TABC believes it is necessary to restrict the use of such products at these types of premises for the same public safety reasons that alcohol consumption is prohibited. The proposed rule provides for sanctions to be imposed on a permittee or licensee that authorizes or allows consumption of CHPs in violation of the proposed rule, consistent with Chapter 34 of TABC's rules (16 TAC §§34.1-34.22).

TABC presented the proposed rule at a stakeholder meeting on February 26, 2026, and considered comments received from stakeholders in drafting this proposal.

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Andrea Maceyra, Chief of Regulatory Affairs, has deter-

mined that during each year of the first five years the proposed rule is in effect, there will be no fiscal impact on state or local governments because of enforcing or administering the rule. Mrs. Maceyra made this determination because the proposed rule does not add to or decrease state revenues or expenditures, and because local governments are not involved in enforcing or complying with the proposed rule. Mrs. Maceyra also does not anticipate any measurable effect on local employment or the local economy because of this proposal.

PUBLIC BENEFIT AND COST NOTE. For each year of the first five years the proposed rule is in effect, Mrs. Maceyra expects that enforcing or administering the amended rule will have the public benefit of preventing consumption of CHPs at licensed premises not intended and designed for the consumption of intoxicating products. Mrs. Maceyra does not expect the proposed rule will impose economic costs on persons required to comply with the rule.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS. TABC has determined that the proposed rule will not have an adverse economic effect on small or micro businesses, or on rural communities. As a result, and in accordance with Government Code §2006.002(c), TABC is not required to prepare a regulatory flexibility analysis.

GOVERNMENT GROWTH IMPACT STATEMENT. TABC has determined that for each year of the first five years that the proposed rule is in effect, it:

- will not create or eliminate a government program;
- will not require the creation of new employee positions or the elimination of existing employee positions;
- will not require an increase or decrease in future legislative appropriations to the agency;
- will not require an increase or decrease in fees paid to the agency;
- will create a new regulation;
- will not expand, limit, or repeal an existing regulation;
- will not increase or decrease the number of individuals subject to the rule's applicability; and
- will not positively or adversely affect the Texas economy.

TAKINGS IMPACT ASSESSMENT. TABC has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action. As a result, this proposal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. TABC requests comments on the proposed amendment from any person interested in the amendment. Additionally, TABC requests information related to the cost, benefit, or effect of the proposed amendment, including any applicable data, research, or analysis, from any person required to comply with the proposed amendment or any other interested person. TABC will consider any written comments on the proposal that are received by TABC no later than 5:00 p.m., central time, May 11, 2026. Send your comments to rules@tabc.texas.gov or to the Office of the General Counsel, Texas Alcoholic Beverage Commission, P.O. Box 13127, Austin, Texas 78711-3127. TABC staff will hold a public hearing to receive oral comments on the proposed rule at 10:00 a.m. on

April 23, 2026. Interested persons should visit TABC's public website at www.tabc.texas.gov or contact TABC Legal Assistant Amada Clopton at (512) 206-3367, prior to the meeting date to receive further instructions.

STATUTORY AUTHORITY. TABC proposes the new rule under Alcoholic Beverage Code §§5.31 and 5.33. Section 5.31 provides that "the commission may exercise all powers, duties, and functions conferred by this code, and all powers incidental, necessary, or convenient to the administration of this code," and further states that "it may prescribe and publish rules necessary to carry out the provisions of this code." Section 5.33 provides that "the commission shall supervise and regulate licensees and permittees and their places of business in matters affecting the public." And that "this authority is not limited to matters specifically mentioned in [the] code."

CROSS-REFERENCE TO STATUTE. The proposed rule implements Alcoholic Beverage Code §§11.61(b)(7) and 61.71(a)(16).

§35.7. Consumption of Consumable Hemp Products.

(a) In this section the terms "consumable hemp product," "licensee," and "permittee" have the meanings assigned by §35.5 of this chapter

(b) A permittee or licensee may not authorize or allow any person to consume a consumable hemp product on a premises covered by a wine and malt beverage retailer's off-premise permit, retail dealer's off-premise license, package store permit, or wine-only package store permit. A permittee or licensee violates this subsection if it knows or, in the exercise of reasonable care, should know of the consumption of consumable hemp products or the likelihood of its occurrence and fails to take reasonable steps to prevent it.

(c) A violation of this section is subject to Chapter 34 of this title and will be assessed a base penalty of \$250.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601359

Matthew Cherry

Senior Counsel

Texas Alcoholic Beverage Commission

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 206-3491



CHAPTER 41. AUDITING

SUBCHAPTER B. RECORDKEEPING & REPORTS

16 TAC §41.12

The Texas Alcoholic Beverage Commission (TABC) proposes an amendment to 16 TAC §41.12, relating to Compliance Reporting by License and Permit Holders. Current §41.12(d) provides that TABC may issue a written warning to a permittee or licensee who fails to file a compliance report in a timely manner. The proposed amendment adds new subsection (e), which would permit TABC to issue such a warning without providing the permittee or licensee an opportunity for an administrative hearing.

Section 41.12 generally requires TABC-licensed businesses with a premises in Texas to prepare and file a compliance self-assessment, known as a compliance report, each year. Despite repeated attempts to notify permittees and licensees of their filing obligation, and recent amendments to the rule extending the timeframe to submit compliance reports (49 TexReg 9745 (2024)), a significant number of permittees and licensees still fail to submit their reports to the agency. TABC relies on these reports to fulfill its enforcement obligations under the Alcoholic Beverage Code, and the continued noncompliance has hampered the agency's ability to fulfill those obligations. The agency believes the issuance of written warning letters is warranted in these instances.

TABC rule 16 TAC §34.1(d)(3) currently gives the recipient of any written warning the opportunity to request an administrative hearing challenging the warning at the State Office of Administrative Hearings (SOAH). It often takes SOAH many months to hold a hearing and issue a proposal, and TABC must devote significant time and scarce resources to each hearing. TABC believes these resources can be better spent elsewhere in these types of cases. Furthermore, a hearing to determine whether a permittee or licensee filed a compliance report would seem to be pointless; the report is either filed or not. As such, TABC does not believe an administrative hearing is warranted when issuing a written warning for failure to file compliance reports. Lastly, this specific compliance report warning will not impact a license or permit holder's existing bonds and does not qualify as a violation for purposes of bond forfeiture.

TABC presented the proposed amendment at a stakeholder meeting on February 5, 2026, and considered comments received from stakeholders in drafting this proposal.

FISCAL NOTE AND LOCAL EMPLOYMENT IMPACT STATEMENT. Andrea Maceyra, Chief of Regulatory Affairs, has determined that during each year of the first five years the proposed amendment is in effect, there will be no fiscal impact on state or local governments because of enforcing or administering the amended rule. Mrs. Maceyra made this determination because the proposed amendment does not add to or decrease state revenues or expenditures, and because local governments are not involved in enforcing or complying with the amended rule. Mrs. Maceyra also does not anticipate any measurable effect on local employment or the local economy because of this proposal.

PUBLIC BENEFIT AND COST NOTE. For each year of the first five years the proposed amendment is in effect, Mrs. Maceyra expects that enforcing or administering the amended rule will have the public benefit of increasing permittees' and licensees' rate of compliance with regulatory reporting requirements and conserving TABC resources. Mrs. Maceyra does not expect the proposed amendment will impose economic costs on persons required to comply with the amended rule.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS. TABC has determined that the proposed amendment will not have an adverse economic effect on small or micro businesses, or on rural communities. As a result, and in accordance with Government Code §2006.002(c), TABC is not required to prepare a regulatory flexibility analysis.

GOVERNMENT GROWTH IMPACT STATEMENT. TABC has determined that for each year of the first five years that the proposed amendment is in effect, it:

- will not create or eliminate a government program;

- will not require the creation of new employee positions or the elimination of existing employee positions;
- will not require an increase or decrease in future legislative appropriations to the agency;
- will not require an increase or decrease in fees paid to the agency;
- will not create a new regulation;
- will expand, limit, or repeal an existing regulation;
- will not increase or decrease the number of individuals subject to the rule's applicability; and
- will not positively or adversely affect the Texas economy.

TAKINGS IMPACT ASSESSMENT. TABC has determined that no private real property interests are affected by this proposal and that this proposal does not restrict or limit an owner's right to property that would otherwise exist in the absence of government action. As a result, this proposal does not constitute a taking or require a takings impact assessment under Government Code §2007.043.

REQUEST FOR PUBLIC COMMENT. TABC requests comments on the proposed amendment from any person interested in the amendment. Additionally, TABC requests information related to the cost, benefit, or effect of the proposed amendment, including any applicable data, research, or analysis, from any person required to comply with the proposed amendment or any other interested person. TABC will consider any written comments on the proposal that are received by TABC no later than 5:00 p.m., central time, May 11, 2026. Send your comments to rules@tabc.texas.gov or to the Office of the General Counsel, Texas Alcoholic Beverage Commission, P.O. Box 13127, Austin, Texas 78711-3127. TABC staff will hold a public hearing to receive oral comments on the proposed rule at 10:00 a.m. on April 23, 2026. Interested persons should visit TABC's public website at www.tabc.texas.gov or contact TABC Legal Assistant Amada Clopton at (512) 206-3367, prior to the meeting date to receive further instructions.

STATUTORY AUTHORITY. TABC proposes the amendments pursuant to TABC's rulemaking authority under Texas Alcoholic Beverage Code §5.31. Section 5.31 authorizes TABC to prescribe and publish rules necessary to carry out the provisions of the Alcoholic Beverage Code.

CROSS-REFERENCE TO STATUTE. The proposed amendment implements Alcoholic Beverage Code §§ 5.32 and 5.361.

§41.12. *Compliance Reporting By License and Permit Holders.*

(a) - (d) (No change.)

(e) Notwithstanding §34.1(d)(3) of this title, the commission may issue a written warning as provided in subsection (d) of this section without providing the permittee or licensee an opportunity for an administrative hearing under the Administrative Procedure Act.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601358

Matthew Cherry
Senior Counsel
Texas Alcoholic Beverage Commission
Earliest possible date of adoption: May 10, 2026
For further information, please call: (512) 206-3491



PART 4. TEXAS DEPARTMENT OF LICENSING AND REGULATION

CHAPTER 73. ELECTRICIANS

16 TAC §§73.10, 73.21, 73.26, 73.80, 73.110 - 73.112

The Texas Department of Licensing and Regulation (Department) proposes amendments to existing rules at 16 Texas Administrative Code (TAC), Chapter 73, §§73.10, 73.21, 73.26, 73.80, 73.110, and 73.111, and a new rule at §73.112, regarding the Electricians program. These proposed changes are referred to as the "proposed rules."

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The rules under 16 TAC, Chapter 73, implement Texas Occupations Code, Chapter 1305, Electricians.

The proposed rules are necessary to address a shortage of journeyman electricians and do so by creating an accelerated pathway for graduates of an approved accelerated journeyman electrician education program ("JEEP program").

Under Texas Occupations Code §1305.155, to become a journeyman electrician, an applicant must have 8,000 hours of on-the-job training under the supervision of a master electrician and must pass an examination. The current rule at 16 TAC §73.10 defines "on-the-job training" narrowly to include only "electrical work," which is also defined restrictively by the rule. Historically, the first-time pass rate for the journeyman electrical examination has been less than 30 percent. The combined effect of the arduous on-the-job training requirements and examination policies have contributed to the current shortage of journeymen electricians. Current Department policy allows applicants to sit for the examination after completing 7,000 hours of the statutorily-required 8,000 hours of supervised on-the-job training.

Under Texas Occupations Code §51.4041(a), the Department has the authority to adopt alternative means of determining a person's eligibility for a license, including evaluating the person's education, training, or experience. Texas State Technical College has proposed to offer an intensive hands-on education program to provide students with in-depth knowledge of the current National Electrical Code and to prepare them to take the journeyman electrician examination. Under the proposal, most of the instruction will occur in a laboratory setting under the direct supervision of qualified electricians. Because this type of instruction will be the functional equivalent of on-the-job training, the proposed rules redefine "on-the-job training" to include participation in this type of program. The precise number of hours each student spends to complete the program, including time practicing skills in a laboratory, will vary based on the time it takes the student to master the relevant skills.

Due to the intensive and focused nature of the instruction offered in the program, under the proposed rules, program graduates will ordinarily receive 3,000 hours of on-the-job training credit for JEEP program completion and may receive additional credit for

electrical work performed for third parties in an optional cooperative education element.

Also, under the proposed rules, program graduates will be eligible to immediately sit for the journeyman electrical examination and the current policy of authorizing examination after 7,000 hours for other candidates is formalized in rule. Thus, by allowing early examination and providing on-the-job training credit for instruction received, the proposed rules provide an accelerated track to journeyman licensure under the Department's alternative qualification authority. Under the proposed rules, the Executive Director is empowered to extend the period of validity of examination results of JEEP program graduates if good cause is shown, so that the student will retain the benefit of early examination.

The proposed rules establish criteria for approval of a JEEP program and related curriculum, mechanisms for audit and inspection of programs, and set a fee for evaluation of a program for approval. Lastly, the proposed rules correct a statutory reference in a rule and make non-substantive clarifying and stylistic changes to existing rules.

Advisory Board Recommendations

The topics of the proposed JEEP program and the application of the Department's alternative qualification power was discussed at the Electrical Safety and Licensing Advisory Board meetings held on January 29, 2026 and February 25, 2026. The proposed rules were developed with assistance of education and examination and rules workgroups assigned by the presiding officer of the advisory board. Due to time constraints, the proposed rules have not been presented to the full advisory board for recommendation prior to publication in the *Texas Register* for public comment.

SECTION-BY-SECTION SUMMARY

The proposed rules amend §73.10, Definitions. The statutory reference in paragraph (3), pertaining to the definition of "career and technology education program" is corrected to Texas Occupations Code §1305.1575(a)(1). A definition of the term "Accelerated Journeyman Electrician Education Program" is provided in new paragraph (12). Existing paragraphs (12) through (30) are renumbered as (13) through (31), respectively. The definition of "on-the-job training," currently found in paragraph (23) is moved to paragraph (24) and a sentence is added to include hours earned in the JEEP program in the definition. Additionally, throughout the section, the word "licensee" is replaced with the term "license holder" and male pronouns are replaced with gender-neutral pronouns for stylistic consistency. Lastly, the word "while," in relation to the performance of electrical sign work, is inserted in the definition of Electrical Sign Apprentice currently found in paragraph (22) and moved to paragraph (23), for clarity.

The proposed rules amend §73.21, Licensing Requirements--Examinations. Two new subsections, (b) and (c) are inserted, and existing subsection (b) is re-lettered as (d). New subsection (b) allows applicants to sit for the journeyman electrician examination after either completing 7,000 hours of on-the-job training or completing the JEEP program. New subsection (c) allows the Executive Director, for JEEP program graduates, to extend the period that the test results are valid, if good cause is shown.

The proposed rules amend §73.26, Documentation of Required On-The-Job Training. New subsection (e) is inserted to establish when and how an applicant will receive on-the-job training

credit for completion of the JEEP program, including how electrical work performed under an optional cooperative program is treated. Language is added to existing subsection (a) to recognize the exception in new subsection (e). Stylistic changes are made to the language in subsections (b) and (c) for clarity and consistency.

The proposed rules amend §73.80, Fees. Subsection (f) is amended to reflect that a \$90 fee will be charged for the evaluation of a prospective JEEP program for approval. Subsection (g) is amended to reflect that the waiver of renewal fees, currently extended to instructors in career and technology education programs for residential wiremen, will now be also extended to instructors of JEEP programs.

The proposed rules amend §73.110, Career and Technology Education Program Requirements. The phrase "residential wiremen" is added to the title of the section for clarity. New subsection (a) is inserted, with language distinguishing the program from the new JEEP program and clarifying that certain restrictions under that section do not apply to the JEEP program. Existing subsections are re-lettered.

The proposed rules amend §73.111, Compliance with Career and Technology Education Program Requirements. The phrase "residential wiremen" is added to the section title for clarity. New subsection (a) is inserted, with language clarifying that the rule does not apply to the JEEP program. Existing subsections are re-lettered.

The proposed rules add new §73.112, Accelerated Journeyman Electrician Education Program. Subsection (a) states the authority for and applicability of the section, and cites to both program statutes and the Department's alternative qualification statute as sources of authority. Subsection (b) states general requirements for the program, including that both the curriculum and program must be approved by the Department. Subsection (c) provides information related to curriculum approval. Subsection (d) states required elements of a curriculum. Subsection (e) establishes minimum instructional hours and hands-on instruction requirements. Subsection (f) establishes requirements for a program to apply for approval. Subsection (g) requires an approved program to notify the Department of changes related to the program. Subsection (h) provides for audits and inspections. Subsection (i) provides for rescission of approval. Subsection (j) clarifies that denial or rescission of approval does not constitute a contested case under the Administrative Procedure Act (Texas Government Code, Chapter 2001). Subsection (k) clarifies how approval will impact current students in a program. Subsection (l) establishes how credit will be awarded and gives the Executive Director authority to award greater credit than generally provided in the subsection.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENT

Tony Couvillon, Senior Policy Research and Budget Analyst, has determined that for each year of the first five years the proposed rules are in effect, there are no estimated additional costs or reductions in costs to state or local government as a result of enforcing or administering the proposed rules.

Mr. Couvillon has also determined that for each year of the first five years the proposed rules are in effect, there is no estimated increase or loss in revenue to the state or local government as a result of enforcing or administering the proposed rules.

Mr. Couvillon has determined that for each year of the first five years the proposed rules are in effect, there will be some de-

crease in revenue to the state government stemming from the waiver of license renewal fees for JEEP program instructors and an increase in revenue to the state government related to the fees for JEEP program approval. Because it is not known at this time how many license holders will become instructors and avail themselves of this provision or how many programs will apply and pay the fee, the net impact on revenue cannot be estimated, however, it is not expected to be significant. No other increase or loss in revenue to state government is expected.

Mr. Couvillon has determined that for each year of the first five years the proposed rules are in effect, there will be costs to community college districts that choose to establish and seek approval of a JEEP program. These costs will vary by district and cannot be estimated at this time. No other implications relating to costs or revenues of local governments are anticipated.

LOCAL EMPLOYMENT IMPACT STATEMENT

Because Mr. Couvillon has determined that the proposed rules will not affect a local economy, the agency is not required to prepare a local employment impact statement under Texas Government Code §2001.022.

PUBLIC BENEFITS

Mr. Couvillon also has determined that for each year of the first five-year period the proposed rules are in effect, the public benefit will be addressing a shortage of qualified electricians to facilitate the construction and maintenance of homes and buildings and providing an accelerated pathway for individuals to qualify for work as journeyman electricians.

PROBABLE ECONOMIC COSTS TO PERSONS REQUIRED TO COMPLY WITH PROPOSAL

Mr. Couvillon has determined that for each year of the first five-year period the proposed rules are in effect, there will be additional costs to persons who are required to comply with the proposed rules. Prospective JEEP programs will incur start-up costs in establishing a program that complies with the proposed rules and will be required to pay the \$90 fee for approval. Approved programs will also have costs associated with complying with audits or inspections. Because these costs will vary from program to program, they cannot be estimated for a particular individual.

FISCAL IMPACT ON SMALL BUSINESSES, MICRO-BUSINESSES, AND RURAL COMMUNITIES

There will be no adverse economic effect on small businesses, micro-businesses, or rural communities as a result of the proposed rules. Because the agency has determined that the proposed rule will have no adverse economic effect on small businesses, micro-businesses, or rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

ONE-FOR-ONE REQUIREMENT FOR RULES WITH A FISCAL IMPACT

The proposed rules have a fiscal note that imposes a cost on regulated persons, including another state agency, a special district, or a local government; however, the proposed rules fall under the exception for rules that are necessary to protect the health, safety, and welfare of the residents of this state under §2001.0045(c)(6). Therefore, the agency is not required to take any further action under Texas Government Code §2001.0045.

GOVERNMENT GROWTH IMPACT STATEMENT

Pursuant to Texas Government Code §2001.0221, the agency provides the following Government Growth Impact Statement for the proposed rules. For each year of the first five years the proposed rules will be in effect, the agency has determined the following:

1. The proposed rules do not create or eliminate a government program.
2. Implementation of the proposed rules does not require the creation of new employee positions or the elimination of existing employee positions.
3. Implementation of the proposed rules does not require an increase or decrease in future legislative appropriations to the agency.
4. The proposed rules do require an increase or decrease in fees paid to the agency. The proposed rules require prospective programs to pay a \$90 fee for evaluation for approval and authorize the waiver of license renewal fees for instructors.
5. The proposed rules create a new regulation. The rules authorize instructional programs to apply for approval as a JEEP program.
6. The proposed rules expand, limit, or repeal an existing regulation. The proposed rules expand an existing regulation by adding completion of a JEEP program as a pathway to a journeyman electrician license.
7. The proposed rules increase or decrease the number of individuals subject to the rules' applicability. The proposed rules increase the number of individuals eligible for waiver of license renewal fees and create an alternative pathway to licensure.
8. The proposed rules do not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

The Department has determined that no private real property interests are affected by the proposed rules and the proposed rules do not restrict, limit, or impose a burden on an owner's rights to his or her private real property that would otherwise exist in the absence of government action. As a result, the proposed rules do not constitute a taking or require a takings impact assessment under Texas Government Code §2007.043.

PUBLIC COMMENTS AND INFORMATION RELATED TO THE COST, BENEFIT, OR EFFECT OF THE PROPOSED RULES

The Department is requesting public comments on the proposed rules and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis. Any information that is submitted in response to this request must include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information.

Comments on the proposed rules and responses to the request for information may be submitted electronically on the Department's website at https://ga.tdlr.texas.gov:1443/form/ELE_Rule_Making; by facsimile to (512) 475-3032; or by mail to Shamica Mason, Legal Assistant, Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711. The deadline for comments is 30 days after publication in the *Texas Register*.

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapters 51 and 1305, which authorize the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement these chapters and any other law establishing a program regulated by the Department.

The statutory provisions affected by the proposed rules are those set forth in Texas Occupations Code, Chapters 51 and 1305. No other statutes, articles, or codes are affected by the proposed rules.

§73.10. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise.

(1) Assumed name--A name used by a business as defined in the Business and Commerce Code.

(2) Business affiliation--The business organization to which a master license holder's [~~licensee may assign his or her~~] license may be assigned.

(3) Career and technology education program--An educational program, defined in Texas Occupations Code §1305.1575(a)(1) [~~§1302.5037(a)(1) of the Act~~], focused on electrical training and either:

(A) offered by a public high school under Subchapter F, Chapter 29, Education Code; or

(B) offered by a private high school or institution of higher education and determined by the department to be similar to a program described by subparagraph (A) of this paragraph.

(4) Employee--An individual who performs tasks assigned by the individual's [~~to him by his~~] employer. The employee is subject to the deduction of social security and federal income taxes from the employee's [~~his~~] pay. An employee may be full time, part time, or seasonal.

(5) Employer--One who employs the services of employees, pays their wages, deducts the required social security and federal income taxes from the employee's pay, and directs and controls the employee's performance.

(6) Filed--A document is deemed to have been filed with the department on the date that the document has been received by the department or, if the document has been mailed to the department, the date a postmark is applied to the document by the U.S. Postal Service.

(7) General Supervision--Exercise of oversight by a master electrician on behalf of an electrical contractor, or electrical sign contractor, or by a master sign electrician on behalf of an electrical sign contractor of performance by all classes of electrical license holders [~~licensees~~] of electrical work bearing responsibility for the work's compliance with applicable codes under Texas Occupations Code, Chapter 1305.

(8) On-Site Supervision--Exercise of supervision of electrical work or electrical sign work by a licensed individual other than an electrical apprentice. Continuous supervision of an electrical apprentice is not required, though the on-site supervising license holder [~~licensee~~] is responsible for review and inspection of the electrical apprentice's work to ensure compliance with any applicable codes or standards.

(9) Electrical Contractor--A person, or entity, licensed as an electrical contractor, that is in the business of performing "Electrical Contracting" as defined by Texas Occupations Code, §1305.002(5).

(10) Master Electrician--An individual, licensed as a master electrician, who on behalf of an electrical contractor, electrical sign contractor, or employing governmental entity, performs "Electrical Work" as defined by Texas Occupations Code, §1305.002(11).

(11) Journeyman Electrician--An individual, licensed as a journeyman electrician, who works under the general supervision of a master electrician, on behalf of an electrical contractor, or employing governmental entity, while performing "Electrical Work" as defined by Texas Occupations Code, §1305.002(11).

(12) Accelerated Journeyman Electrician Education Program--A program approved by the department as provided under §73.112 of this chapter, designed to prepare an individual to pass the required examination and for rapid entry into the profession of journeyman electrician.

(13) [~~(12)~~] Electrical Apprentice--An individual, licensed as an apprentice who works under the on-site supervision of a master electrician, journeyman electrician, or residential wireman, on behalf of an electrical contractor or employing governmental entity performing "Electrical Work" as defined by Texas Occupations Code, §1305.002(11).

(14) [~~(13)~~] Electrical Sign Contractor--A person, or entity, licensed as an electrical sign contractor, that is in the business of performing "Electrical Sign Contracting" as defined by Texas Occupations Code, §1305.002(9).

(15) [~~(14)~~] Institution of higher education--An "institution of higher education" or a "private or independent institution of higher education," as those terms are defined by §61.003, Education Code.

(16) [~~(15)~~] Master Sign Electrician--An individual, licensed as a master sign electrician, who, on behalf of an electrical sign contractor, performs "Electrical Sign Work" as defined in paragraph 21 [~~(20)~~].

(17) [~~(16)~~] Journeyman Sign Electrician--An individual, licensed as a journeyman sign electrician, who works under the general supervision of a master electrician or a master sign electrician, on behalf of an electrical sign contractor, while performing "Electrical Sign Work" as defined in paragraph 21 [~~(20)~~].

(18) [~~(17)~~] Residential Wireman--An individual, licensed as a residential wireman, who works under the general supervision of a master electrician, on behalf of an electrical contractor, or employing governmental entity, while performing electrical work that is limited to electrical installations in single family and multifamily dwellings not exceeding four stories, as defined by Texas Occupations Code, §1305.002(13).

(19) [~~(18)~~] Maintenance Electrician--An individual, licensed as a maintenance electrician, who works under the general supervision of a master electrician, on behalf of an electrical contractor, or employing governmental entity while performing "Electrical Maintenance Work" as defined in paragraph 20 [~~(19)~~].

(20) [~~(19)~~] Electrical Maintenance Work--The replacement, or repair of existing electrical appurtenances, apparatus, equipment, machinery, or controls used in connection with the use of electrical energy in, on, outside, or attached to a building, residence, structure, property, or premises. All replacements or repairs must be of the same rating and type as the existing installation. No improvements may be made that are necessary to comply with applicable codes under Texas Occupations Code, Chapter 1305. Electrical maintenance work does not include the installation of any new electrical appurtenances, apparatus, equipment, machinery, or controls beyond the scope of any existing electrical installation.

(21) [(20)] Electrical Sign Work--Any labor or material used in manufacturing, installing, maintaining, extending, connecting or reconnecting an electrical wiring system and its appurtenances, apparatus or equipment used in connection with signs, outline lighting, awnings, signals, light emitting diodes, and the repair of existing outdoor electric discharge lighting, including parking lot pole lighting. This also includes the installation of an electrical service integral to an isolated sign and/or outline lighting installation.

(22) [(24)] Work Involved in the Manufacture of Electrical Equipment--Work involved in the manufacture of electrical equipment includes on and off-site manufacture, commissioning, testing, calibration, coordination, troubleshooting, evaluation, repair or retrofits with components of the same ampacity, maintenance and servicing of electrical equipment within their enclosures performed by authorized employees, or authorized representatives of electrical equipment manufacturers and limited to the type of products they manufacture.

(23) [(22)] Electrical Sign Apprentice--An individual, licensed as an electrical sign apprentice who works under the on-site supervision of a master electrician, a master sign electrician, or a journeyman sign electrician, on behalf of an electrical sign contractor while performing "Electrical Sign Work" as defined by this chapter.

(24) [(23)] On-the-job Training--Training or experience gained under the supervision of an appropriate license holder [licensee], as prescribed by Texas Occupations Code Chapter 1305, while performing electrical work as defined by Texas Occupations Code, §1305.002(11). The term includes hours earned toward on-the-job training requirements through an accelerated journeyman electrician education program, where permitted by rule.

(25) [(24)] Residential Appliance Installer--An individual, licensed as a residential appliance installer, who on behalf of a residential appliance installation contractor, performs electrical work that is limited to residential appliance installation including residential pool-related electrical installation and maintenance as defined by Texas Occupations Code, §1305.002(12-b).

(26) [(25)] Residential Appliance Installation Contractor--A person or entity licensed as a residential appliance installation contractor, that is in the business of residential appliance installation including pool-related electrical installation and maintenance as defined by Texas Occupations Code §1305.002(12-d).

(27) [(26)] Residential Appliance--Electrical equipment that performs a specific function, and is installed as a unit in a dwelling by direct connection to an existing electrical circuit, such as water heaters, kitchen appliances, or pool-related electrical device. The term does not include general use equipment such as service equipment, other electrical power production sources, or branch circuit overcurrent protection devices not installed in the listed appliance or listed pool-related electrical device.

(28) [(27)] Offer to perform--To make a written or oral proposal, to contract in writing or orally to perform electrical work or electrical sign work, to advertise in any form through any medium that a person or business entity is an electrical contractor, electrical sign contractor, or residential appliance installation contractor or that implies in any way that a person or business entity is available to contract for or perform electrical work, electrical sign work, or residential appliance installation work.

(29) [(28)] Electro Mechanical Integrity--The condition of an electrical product, electrical system, or electrical equipment installed in accordance with its intended purpose and according to standards at least as strict as the standards provided by the National

Electrical Code, the manufacturer's specifications, any listing or labeling on the product, and all other applicable codes or ordinances.

(30) [(29)] Journeyman Lineman--An individual who engages in electrical work involving the maintenance and operation of equipment associated with the transmission and distribution of electricity from the electricity's original source to a substation for further distribution.

(31) [(30)] Journeyman Industrial Electrician--An individual who engages in electrical work exclusively at a business that operates a chemical plant, petrochemical plant, refinery, natural gas plant, natural gas treating plant, pipeline, or oil and gas exploration and production operation.

§73.21. *Licensing Requirements--Examinations.*

(a) To obtain a license by examination issued under this chapter:

(1) An individual applicant must submit a completed application, all necessary documentation, and appropriate fees to the Texas Department of Licensing and Regulation for review and determination of examination eligibility.

(2) An individual applicant must achieve a passing score on an examination approved by the executive director of the Texas Department of Licensing and Regulation.

(b) To be eligible to sit for examination as a journeyman electrician, an applicant must:

(1) Complete 7,000 hours of the on-the-job training required under Texas Occupations Code §1305.155; or

(2) Have completed an approved accelerated journeyman electrician education program under §73.112 and submitted an application on a form prescribed by the department to establish eligibility.

(c) The Executive Director may for good cause shown extend the expiration period under §60.56 of the validity of examination results of an applicant who is approved to take an examination under subsection (b)(2) of this section.

(d) [(b)] To obtain a license without examination, an applicant must have been licensed for the preceding year by a municipality or regional licensing authority that has terminated its licensing program and have applied for a state issued license within ninety days of the date the program stopped issuing or renewing licenses.

§73.26. *Documentation of Required On-The-Job Training.*

(a) Except as otherwise provided in this chapter, an [An] applicant for a license which requires on-the-job training under Occupations Code Chapter 1305 must [may] verify that the applicant [he or she] has completed on-the-job training by submitting the department's experience verification form with the license application.

(b) When an applicant or the department requests verification of on-the-job training of an applicant from a license holder [licensee] who is authorized by Occupations Code Chapter 1305 to verify on-the-job training, the license holder [licensee] must provide the verification within 30 calendar days of the request. The licensee must verify only on-the-job training within the licensee's knowledge. The licensee must verify the dates of on-the-job training, describe the work performed by the applicant, specify the name of the business under which the applicant's work was performed, and provide any other information required on the department's form.

(c) An applicant for a journeyman lineman license must verify that the applicant [he or she] has completed the apprenticeship required by Occupations Code Chapter 1305 by submitting verification in a form acceptable to the department.

(d) An applicant for a residential wireman license who has completed a career and technology education program must verify completion by submitting verification in a form acceptable to the department.

(e) An applicant for a journeyman license who has completed an approved accelerated journeyman electrician education program in accordance with Rule §73.112 will, upon submitting verification of completion in a form acceptable to the department, receive credit for on-the-job training, as provided in that rule. Applicants may additionally receive credit for electrical work performed in an optional cooperative education course under such a program, which must be verified, and will be awarded, as otherwise provided in this section.

§73.80. Fees.

(a) Application fees:

- (1) Master Electrician--\$45
- (2) Master Sign Electrician--\$45
- (3) Journeyman Electrician--\$30
- (4) Journeyman Sign Electrician--\$30
- (5) Journeyman Lineman Electrician--\$30
- (6) Residential Wireman--\$20
- (7) Maintenance Electrician--\$20
- (8) Electrical Contractor--\$110
- (9) Electrical Sign Contractor--\$110
- (10) Electrical Apprentice--\$20
- (11) Electrical Sign Apprentice--\$20
- (12) Residential Appliance Installer--\$30
- (13) Residential Appliance Installation Contractor--\$110
- (14) Apprentice Training Program Registration--\$95
- (15) Journeyman Industrial Electrician--\$30

(b) Renewal fees:

- (1) Master Electrician--\$50 for licenses expiring before February 1, 2014; \$45 for licenses expiring on or after February 1, 2014
- (2) Master Sign Electrician--\$50 for licenses expiring before February 1, 2014; \$45 for licenses expiring on or after February 1, 2014
- (3) Journeyman Electrician--\$35 for licenses expiring before February 1, 2014; \$30 for licenses expiring on or after February 1, 2014
- (4) Journeyman Sign Electrician--\$35 for licenses expiring before February 1, 2014; \$30 for licenses expiring on or after February 1, 2014
- (5) Journeyman Lineman Electrician--\$30
- (6) Residential Wireman--\$25 for licenses expiring before February 1, 2014; \$20 for licenses expiring on or after February 1, 2014
- (7) Maintenance Electrician--\$25 for licenses expiring before February 1, 2014; \$20 for licenses expiring on or after February 1, 2014
- (8) Electrical Contractor--\$115 for licenses expiring before February 1, 2014; \$110 for licenses expiring on or after February 1, 2014

(9) Electrical Sign Contractor--\$115 for licenses expiring before February 1, 2014; \$110 for licenses expiring on or after February 1, 2014

(10) Electrical Apprentice--\$20

(11) Electrical Sign Apprentice--\$20

(12) Residential Appliance Installer--\$40 for licenses expiring before February 1, 2014; \$30 for licenses expiring on or after February 1, 2014

(13) Residential Appliance Installation Contractor--\$115 for licenses expiring before February 1, 2014; \$110 for licenses expiring on or after February 1, 2014.

(14) Journeyman Industrial Electrician--\$30

(c) Late Renewal Fees. Late renewal fees for licenses issued under this chapter are provided under §60.83 of this title (relating to Late Renewal Fees).

(d) Revised/Duplicate License/Certificate/Permit/Registration fees:

- (1) All licenses except as set out below--\$25
- (2) Electrical Apprentice--\$20
- (3) Electrical Sign Apprentice--\$20
- (4) Residential Wireman--\$20
- (5) Maintenance Electrician--\$20

(e) All fees are non-refundable.

(f) The fee for a determination under §73.111 or §73.112 is \$90.

(g) The department will waive the license renewal fee for a master electrician, journeyman electrician, or residential wireman who provides proof, in a manner prescribed by the department, of having served as an instructor of a course within a career and technology education program or accelerated journeyman electrician education program for at least one academic semester during that renewal period.

§73.110. *Career and Technology Education Program Requirements--Residential Wiremen.*

(a) Applicability. This section applies to a program for residential wiremen instruction established under Texas Occupations Code §1305.1575 and to applicants seeking licensure under that program. This section, including the restrictions in subsection (g), does not apply to applicants under Rule §73.112 (pertaining to an accelerated journeyman electrician education program).

(b) [(a)] Texas Occupations Code Section §1305.157 provides a pathway to the residential wireman license for persons who complete a career and technology education program. Under [Pursuant to] §1305.1575, the department is required to:

(1) establish standards for the essential knowledge and skills of career and technology education programs offered in Texas public high schools; and

(2) determine on a case-by-case basis whether educational programs offered by private high schools and institutions of higher education are similar to career and technology education programs offered in Texas public high schools.

(c) [(b)] A career and technology education program must be designed to ensure that students obtain the essential knowledge and skills set out in the following cross-referenced rules of the Texas Education Agency. The minimum number of academic semesters required

for each course is also noted. Students enrolled in courses identified in paragraphs (2) and (3) below must be provided hands-on practical instruction, including interactive lab work, for at least 80 percent of total classroom time. A career and technology education program may not allow students to obtain credit by examination.

(1) Principles of Construction; Texas Administrative Code Title 19, Part 2, Chapter 130, Subchapter B, §130.43; one credit.

(2) Electrical Technology I; Texas Administrative Code Title 19, Part 2, Chapter 130, Subchapter B, §130.57; one credit.

(3) Electrical Technology II; Texas Administrative Code Title 19, Part 2, Chapter 130, Subchapter B, §130.58; two credits.

(4) Practicum in Construction Technology and Extended Practicum in Construction Technology; Texas Administrative Code Title 19, Part 2, Chapter 130, Subchapter B, §§130.64 and 130.69; three total credits.

(A) At least 80 percent of a student's time in a practicum must be spent outside of the classroom and working under the supervision of a department-licensed master electrician, on behalf of a department-licensed electrical contractor.

(B) A high school or institution of higher education offering a career and technology education program under this section must implement procedures allowing a student to earn course credit for work performed outside of the classroom under the supervision of a department-licensed master electrician and on behalf of a department-licensed electrical contractor.

(d) [(e)] A career and technology education program will not be recognized by the department unless it is instructed by a department-licensed master electrician, journeyman electrician, or residential wireman.

(e) [(d)] A career and technology education program offered by an institution of higher education may not be more stringent than a program offered by a public high school.

(f) [(e)] The department will recognize an educational program offered by a private high school or institution of higher education as a "career and technology education program" if the department determines that the educational program substantially complies with the requirements of this section.

(g) [(f)] Hours spent completing a program described by this section may not be credited toward any on-the-job training required to apply for another type of license under this chapter.

§73.111. Compliance with Career and Technology Education Program Requirements--Residential Wiremen.

(a) This section applies to a career and technology education program established under Texas Occupations Code §1305.1575.

(b) [(a)] A private high school or institution of higher education that implements an educational program under §73.110 must request a determination whether the program substantially complies with that section's requirements by:

- (1) submitting the request in a manner prescribed by the department;
- (2) providing copies of course materials requested by the department;
- (3) providing the names and license numbers of all master electricians, journeyman electricians, or residential wiremen who will be supervising or instructing students; and
- (4) paying the applicable fee.

(c) [(b)] After receiving a positive determination under subsection (a), a private high school or institution of higher education must inform the department, in a manner prescribed by the department, of any substantial change to the program.

(d) [(e)] Upon a finding that an educational program does not substantially comply with §73.110, the department may rescind its determination.

(e) [(d)] A determination or decision under this section is not a contested case under Texas Government Code, Chapter 2001, and may not be appealed.

§73.112. Accelerated Journeyman Electrician Education Program.

(a) Authority and Applicability. This section is adopted under the authority of Texas Occupations Code, §§51.4041(a), 1305.102, and 1305.152. This section applies to approved programs, to students in these programs, and to prospective programs seeking approval as an accelerated journeyman electrician education program.

(b) General Requirements. Applicants for licensure as journeymen electricians may receive credit toward the on-the-job training requirements of Texas Occupations Code §1305.155 under this section for completion of an accelerated journeyman electrician education program approved by the department under this section. Both the individual program and the curriculum must be approved by the department. The department may consult with the advisory board in determining whether to approve a program or curriculum.

(c) Department approval of curriculum. The department may approve a generally required curriculum for use by programs under this section. Upon approval of a curriculum, the department will publish the curriculum on the department's website. The department may revise the curriculum at any time and, in evaluating a program for approval, may approve variations from the generally approved curriculum.

(d) Required elements of curriculum. The curriculum must include extensive training on the current National Electrical Code, electrical safety, methods of electrical work, and compliance with Texas Occupations Code, Chapter 1305 and this chapter. All instruction must be provided by a qualified journeyman or master electrician licensed in this state.

(e) Hands-on training. The curriculum must include intensive hands-on training in a laboratory or similar environment of at least 1,480 hours. At least 80 percent of the curriculum must incorporate a significant hands-on training element. Any hands-on training must be generally supervised by a master electrician licensed in this state.

(f) Approval of program required. A person seeking to offer a program under this section must request approval by:

- (1) submitting the request in a manner prescribed by the department;
- (2) providing copies of course materials requested by the department;
- (3) providing the names and license numbers of all electricians who will be supervising or instructing students; and
- (4) paying the applicable fee.

(g) An approved program must immediately notify the department of any substantial change to the program.

(h) The department may audit an approved program, inspect the facility in which instruction occurs, and demand the production of records related to the instruction of students. Failure of a program to cooperate with an audit or inspection is grounds for a finding that the program no longer complies with department requirements.

(i) Upon a finding that an approved program does not substantially comply with department requirements, the department may rescind its approval.

(j) A determination or decision under this section is not a contested case under Texas Government Code, Chapter 2001, and may not be appealed.

(k) Effect of program approval. Unless otherwise ordered by the Executive Director, the approval of a program under this section applies to all students enrolled in the program, including those who began participation prior to program approval.

(l) Credit toward on-the-job training requirements.

(1) The Executive Director may order the award of on-the-job training credit hours in a manner that exceeds the amount otherwise prescribed by this section.

(2) Unless otherwise ordered by the Executive Director, applicants who begin but fail to complete a program will not receive credit for program hours completed. This exclusion does not apply to properly supervised electrical work performed in an optional cooperative program under the auspices of a program under this section.

(3) A graduate of a program established under this section will receive credit of 3,000 hours toward the on-the-job training requirements of Texas Occupations Code §1305.155. The department will credit these hours both toward the journeyman license application and any subsequent applications for a master electrician license.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601402

Deanne Rienstra

Interim General Counsel

Texas Department of Licensing and Regulation

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 463-7750



TITLE 19. EDUCATION

PART 1. TEXAS HIGHER EDUCATION COORDINATING BOARD

CHAPTER 1. AGENCY ADMINISTRATION SUBCHAPTER A. GENERAL PROVISIONS

19 TAC §§1.9, 1.13, 1.16

The Texas Higher Education Coordinating Board (Coordinating Board) proposes amendments to Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter A, §§1.9, 1.13, and 1.16, concerning General Provisions. Specifically, this amendment will make minor conforming changes.

Texas Education Code, §61.035, authorizes the Coordinating Board to engage in rulemaking involving compliance monitoring. Texas Education Code, §61.027, provides the Coordinating Board with general rule making authority.

Rule 1.9, Training for Members of Governing Boards and Board Trustees, adds a requirement that members of governing boards

provide a sworn statement to the Board that they understand their duties and responsibilities in accordance with statutory changes made by Senate Bill 37, 89th Texas Legislature, Regular Session, updating Texas Education Code, Section 61.084.

Rule 1.13, Internal Audit and Compliance Monitoring, adds a definition for Coordinating Board and distinguishes the duties of the Board itself and the Board staff. The amendment also adds a reference to §13.525 and provides that a compliance monitoring plan must be presented to the full Board rather than the Agency Operations Committee.

Rule 1.16, Contracts, Including Grants, for Materials and/or Services, provides that written notifications be provided to the Board Secretary rather than the Agency Operations Committee.

Doug Brock, General Counsel, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Doug Brock, General Counsel, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be to remove obligations to provide plans and notifications to the chair of a committee that no longer meets and replace the Board Secretary as the recipient of those plans and notifications, to align the rule with current compliance monitoring procedures, and to add a requirement mandated by recent legislation. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will not create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Doug Brock, General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@higher.ed.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The amendment is proposed under Texas Education Code, Sections 61.027, 61.035, and 61.084, which provide the Coordinat-

ing Board with the authority to make rules generally and specifically related to compliance monitoring and Board Training.

The proposed amendment affects Texas Education Code, Sections 61.035 and 61.084.

§1.9. Training for Members of Governing Boards and Board Trustees.

(a) The Board shall provide a training program for members of institutional governing boards in accordance with provisions set forth in Texas Education Code, §61.084 and §61.0841.

(b) The Board may prescribe an alternative training program for members of governing boards as permitted in §61.084.

(c) A registration fee will be paid by training program participants in an amount adequate to cover the costs incurred by the Board and any other state agencies the Board enlists in providing the program. Such amount will be determined prior to each training program.

(d) The Board shall provide, as part of the training program, an intensive short orientation course developed under Texas Education Code, §61.0841. The orientation course shall be offered as an online interactive course and may also be offered in the form of a written document or in a one-on-one or group setting.

(e) A governing board member of a public institution of higher education who holds an appointive position must attend such intensive short orientation course developed under Texas Education Code, §61.0841, as well as any available training course sponsored or coordinated by the Office of the Governor with a curriculum designed for training newly appointed state officers, board members, or high-level executive officials. A governing board member holding an appointive position must attend those courses the first time they are offered following the date the member takes the oath of office. A governing board member may have additional time to attend such courses if the member for good cause is unable to attend the courses the first time they are offered.

(f) Any member of the governing board of an institution of higher education who holds an appointive position and whose first year of service on the governing board begins on or after January 1, 2016, shall not vote on a budgetary or personnel matter related to system administration or institutions of higher education until the member completes the intensive short orientation course developed under Texas Education Code, §61.0841.

(g) Upon completion of the training program, a member of a governing board is responsible for submitting to the Board a sworn statement affirming the governing board member's understanding of his or her duties and responsibilities. [The Board is responsible for documenting governing board members' completion of the training program requirements.]

§1.13. Internal Auditor and Compliance Monitoring.

(a) Internal Auditor.

(1) The Board shall appoint an internal auditor.

(2) The internal auditor shall report directly to the Board on all matters except for those administrative matters that require the decision of the Commissioner.

(3) The Board shall receive the advice and counsel of the Commissioner regarding matters of termination, discipline, transfer, or reclassification or changes in powers, duties or responsibilities of the internal auditor.

(4) The internal auditor shall develop an annual audit plan, conduct audits as specified in the audit plan and document deviations,

and discuss audit reports with the Administration and Financial Planning Committee of the Board.

(5) The internal auditor shall provide all audit reports directly to the Board.

(b) Compliance Monitoring.

(1) Definitions. The following words and terms, when used in this section, shall have the following meaning:

(A) Board--The governing body of the agency known as the Texas Higher Education Coordinating Board.

(B) Commissioner--The Commissioner of Higher Education, the Chief Executive Officer of the Board.

(C) Coordinating Board--The agency known as the Higher Education Coordinating Board and its staff.

(D) [~~(C)~~] Institution of Higher Education--Defined in Texas Education Code, §61.003.

(E) [~~(D)~~] Private or Independent Institution of Higher Education--Defined in Texas Education Code, §61.003.

(F) [~~(E)~~] Student Financial Assistance--Includes grants, scholarships, loans, and work study.

(G) [~~(F)~~] Desk review--An administrative review by the Board that is based on information reported by an institution of higher education or private or independent institution of higher education, including supplemental information required by the Board for the purposes of compliance monitoring, except that the term does not include information or accompanying notes gathered by the Board during a site visit.

(H) [~~(G)~~] Site visit--An announced or unannounced in-person visit by a representative of the Board to an institution of higher education or private or independent institution of higher education for the purposes of compliance monitoring.

(2) Purpose. The purpose of the Board's risk assessment process and compliance methodologies is to maximize the effectiveness of monitoring funds allocated by the Board and data reported to the Board. The agency-wide, risk-based compliance monitoring function is established for:

(A) funds allocated by the Board to institutions of higher education, private or independent institutions of higher education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and Board rule; and

(B) data reported by institutions of higher education to the Board and used by the Board for funding or policymaking decisions, including data used for formula funding allocations, to ensure the data are accurately and consistently reported.

(3) The Board delegates the Board's duties outlined in this Rule to the Commissioner.

(4) [~~(3)~~] After considering potential risks and the Board's resources, the Coordinating Board shall review a reasonable portion of the total funds allocated by the Board and of data reported to the Board. The Coordinating Board shall use various levels of monitoring, according to risk, ranging from checking reported data for errors and inconsistencies to conducting comprehensive audits, including site visits. Audit methodology shall be commensurate with the assessed risk.

(5) [~~(4)~~] The Coordinating Board's risk-based approach shall be implemented to address the diversity of institutions of higher

education and private or independent institutions of higher education in Texas. The Coordinating Board shall develop audit and compliance monitoring methodologies, such as Desk Reviews and data analysis, that are commensurate with assessed risk and that are reflective of institutional differences. The Coordinating Board's risk-based approach to compliance monitoring shall consider the following factors relating to an institution of higher education or private or independent institution of higher education:

(A) the amount of student financial assistance or grant funds allocated to the institution by the Board;

(B) whether the institution is required to obtain and submit an independent audit;

(C) the institution's internal controls;

(D) the length of time since the institution's last desk review or site visit;

(E) past misuse of funds or misreported data by the institution;

(F) in regard to data verification, whether the data reported to the Board by the institution is used for determining funding allocations; and

(G) other factors as considered appropriate by the Coordinating Board.

(6) [(5)] The annual compliance monitoring plan that results from the Coordinating Board's risk assessment shall be presented to the full Board [Board's Agency Operations Committee] each July, seeking approval of the plan for the following fiscal year. Significant changes to the annual plan that may occur during each fiscal year shall be presented for ratification at the next scheduled Board meeting [Agency Operations Committee meeting].

(7) [(6)] The Coordinating Board shall train compliance monitoring staff to ensure that the staff has the ability to monitor both funds compliance and data reporting accuracy. Program staff in other [Board] divisions who conduct limited monitoring and contract administration shall coordinate with the compliance monitoring function to identify risks and avoid duplication.

(8) [(7)] If the Coordinating Board determines through its compliance monitoring function that funds awarded by the Board to an institution of higher education or private or independent institution of higher education have been misused or misallocated by the institution, the Coordinating Board shall present its determination to the institution's governing board and chief executive officer, or to the institution's chief executive officer if the institution is a private or independent institution of higher education, and provide an opportunity for a response from the institution. Following the opportunity for response, the Coordinating Board shall report its determination and the institution's response, together with any recommendations, to the institution's governing board or chief executive officer, as applicable, the governor, and the Legislative Budget Board.

(9) [(8)] If the Coordinating Board determines through its compliance monitoring function that an institution of higher education has included errors in the institution's data reported for formula funding, the Coordinating Board:

(A) for a public junior college, may adjust the appropriations made to the college for a fiscal year as necessary to account for the corrected data in accordance with the procedure set forth in §13.525 of this title (relating to Commissioner Review of Required Reporting; Data Reporting Errors); and

(B) for a general academic teaching institution, a medical and dental unit, or a public technical institute, shall calculate a revised appropriation amount for the applicable fiscal year based on the corrected data and report that revised amount to the governor and Legislative Budget Board for consideration as the basis for budget execution or other appropriate action, and to the comptroller.

(10) [(9)] To the extent not prohibited by law or other external provision, the Board shall eliminate requirements of institutions to conduct audits of funds administered by the Board as defined in this subsection. In conducting the compliance monitoring function, the Board may partner with internal audit offices at institutions of higher education and private or independent institutions of higher education, as institutional resources allow, to examine the institutions' use of funds allocated by, and data reported to, the Board. To avoid duplication of effort and assist the Board in identifying risk, an internal auditor at an institution shall notify the Board of any audits conducted by the auditor or other third party auditors involving funds administered by the Board or data reported to the Board, as defined in this subsection. Such notification shall include a copy of the final audit report being sent to the Board's Director, Internal Audit and Compliance, within 30 days of the date such final audit reports are sent to the institution's governing board and/or chief executive officer, the Texas State Auditor's Office, the Governor's Office, the Legislative Budget Board, or other similar stakeholders. [The final audit report should be addressed to: Texas Higher Education Coordinating Board, Director, Internal Audit and Compliance, 1200 East Anderson Lane, Austin, Texas 78752.]

(11) [(10)] Private or independent institutions of higher education must provide to the Board the institution's external audit involving funds administered by the Board. The private or independent institution of higher education's external audit must comply with the Board's rules under this subchapter for auditing those funds.

(12) [(11)] The Coordinating Board may seek technical assistance from the state auditor in establishing the compliance monitoring function. The state auditor may periodically audit the Coordinating Board's compliance monitoring function as the state auditor considers appropriate.

§1.16. Contracts, Including Grants, for Materials and/or Services.

(a) The Board delegates to the Commissioner authority to approve and enter into all payable and receivable Agreements, including contracts, grants, and other agreements, and interagency contracts for which the Agreement, inclusive of all amendments, totals \$5 million or less.

(1) The Commissioner is authorized to approve and sign all Agreements that total up to \$5 million, inclusive of all amendments subject to the notification requirements in paragraph (2) of this subsection.

(2) The Commissioner shall provide written notification to the Board Chair, Board Vice Chair, and Board Secretary [Chair of the Agency Operations committee] of any Agreement that totals \$1 million or more, inclusive of all amendments, prior to execution of the Agreement.

(3) For each contract for the purchase of goods or services that has a value exceeding \$1 million, there must be contract reporting requirements that provide information on the following:

(A) compliance with financial provisions and delivery schedules under the contract;

(B) corrective action plans required under the contract and the status of any active corrective action plan; and

(C) any liquidated damages assessed or collected under the contract.

(D) Verification is required of:

(i) the accuracy of any information reported under this subsection that is based on information provided by a contractor; and

(ii) the delivery time of goods or services scheduled for delivery under the contract.

(b) Any Agreement exceeding \$5 million, inclusive of all amendments, requires Board approval prior to execution of the contract or other Agreement, except those described in paragraph (1) of this subsection. The Commissioner is authorized to sign an Agreement or amendment that totals more than \$5 million that has been approved by the Board.

(1) Agreements exceeding \$5 million that the agency is required by law to enter into, i.e., those that are appropriated to the agency as non-discretionary funding to a third party, do not require Board approval and are delegated to the Commissioner for approval and signature.

(2) For each contract for the purchase of goods or services that has a value totaling \$5 million or more, the procurement director must:

(A) verify in writing that the solicitation and purchasing methods and contractor selection process comply with state law and agency policy; and

(B) submit to the Board information on any potentially significant issue that may arise in the solicitation, purchasing, or contractor selection process.

(c) In addition to the Commissioner, the following employees have authority to approve an Agreement:

(1) A Deputy or Associate Commissioner if the Agreement, inclusive of all amendments, totals \$100,000 or less.

(2) An Assistant Commissioner, in addition to a Deputy or Associate Commissioner, with primary oversight of a particular Agreement if the Agreement, inclusive of all amendments, totals \$10,000 or less.

(d) The Commissioner shall provide a report to the Board, at least quarterly, describing all Agreements entered into by the agency during the preceding quarter, the total of which, inclusive of all amendments, is \$10,000 or greater.

(e) The Board shall, in an open meeting, consider any material change to all contracts for goods or services awarded under Texas Government Code, Chapter 2155. A material change to a contract includes extending the length or postponing the completion of a contract for six months or more; or increasing the total consideration to be paid under a contract by at least 10 percent, including by substituting certain goods, materials, products, or services. Goods are supplies, materials, or equipment. Services are the furnishing of skilled or unskilled labor or professional work but do not include a professional service subject to Subchapter A, Chapter 2254, Texas Government Code, service of a state employee, consulting service or service of a consultant as defined by Subchapter B, Chapter 2254, or the service of a public utility.

(f) Agency staff shall utilize THECB's Procurement and Contract Management Handbook or Grant Management guidelines and the THECB's Risk Assessment tool to determine which Agreements require enhanced contract or grant monitoring.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601403

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6375



SUBCHAPTER F. LEAVE POOLS

19 TAC §1.126, §1.127

The Texas Higher Education Coordinating Board (Coordinating Board) proposes new rules in Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter F, §1.126 and §1.127, concerning Leave Pools. Specifically, this new section will update and align the sick leave pool rule with statute, move it to a more appropriate place in the chapter, and add a rule for the family leave pool.

Texas Government Code, Chapter 661, Subchapters A and A-1, authorizes the Coordinating Board to engage in rulemaking involving sick leave pools and family leave pools.

Rule 1.126, Sick Leave Pool for Board Employees, designates the sick leave pool administrator and provides that the pool will be administered in accordance with policy.

Rule 1.127, Family Leave Pool for Board Employees, designates the family leave pool administrator and provides that the pool will be administered in accordance with policy.

Glenn Tramel, Assistant Commissioner for People Operations, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Glenn Tramel, Assistant Commissioner for People Operations, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be to update and align the sick leave pool rule with statute, move it to a more appropriate place in the chapter, and to add a rule for the family leave pool. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

(1) the rules will not create or eliminate a government program;

(2) implementation of the rules will not require the creation or elimination of employee positions;

(3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;

- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The new sections are proposed under Texas Government Code, Sections 661.002(c) and 661.022(c), which provide the Coordinating Board with the authority to adopt rules regarding the operation of a sick leave pool and a family leave pool for Coordinating Board employees.

The proposed rules affect Texas Government Code, Sections 661.002 and 661.022.

§1.126. Sick Leave Pool for Board Employees.

A sick leave pool is established to alleviate hardship caused to an employee and the employee's family if a catastrophic illness or injury forces the employee to exhaust all leave time earned by that employee and to lose compensation from the state.

- (1) The Assistant Commissioner for People Operations is designated as the pool administrator.
- (2) The pool will be operated according to the Coordinating Board's Policies and Procedures.
- (3) Operation of the pool shall be consistent with Texas Government Code, Chapter 661.

§1.127. Family Leave Pool for Board Employees.

A family leave pool is established to provide eligible employees more flexibility in bonding with and caring for children during a child's first year following birth, adoption, or foster placement, and caring for a seriously ill family member or the employee's own serious illness, including pandemic-related illnesses or complications caused by a pandemic.

- (1) The Assistant Commissioner for People Operations is designated as the pool administrator.
- (2) The pool will be operated according to the Coordinating Board's Policies and Procedures.
- (3) Operation of the pool shall be consistent with Texas Government Code, Chapter 661.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.
TRD-202601423

Douglas Brock
General Counsel
Texas Higher Education Coordinating Board
Earliest possible date of adoption: May 10, 2026
For further information, please call: (512) 427-6116



SUBCHAPTER AA. SICK LEAVE POOL

19 TAC §1.900

The Texas Higher Education Coordinating Board (Coordinating Board) proposes the repeal of Texas Administrative Code, Title 19, Part 1, Chapter 1, Subchapter AA, §1.900, concerning the Sick Leave Pool. Specifically, this repeal will be done in conjunction with a new set of rules that will be located in a more appropriate subchapter and will be better aligned with the statute.

Texas Government Code, Chapter 661, Subchapter A, authorizes the Coordinating Board to engage in rulemaking involving the sick leave pool.

Glenn Tramel, Assistant Commissioner for People Operations, has determined that for each of the first five years the section is in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rule. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Glenn Tramel, Assistant Commissioner for People Operations, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be to move the rule to a more appropriate subchapter and align it with the statute. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rule will not create or eliminate a government program;
- (2) implementation of the rule will not require the creation or elimination of employee positions;
- (3) implementation of the rule will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rule will not require an increase or decrease in fees paid to the agency;
- (5) the rule will not create a new rule;
- (6) the rule will not limit an existing rule;
- (7) the rule will not change the number of individuals subject to the rule; and
- (8) the rule will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@high-

ered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The repeal is proposed under Texas Government Code, Section 661.002(c), which provides the Coordinating Board with the authority to adopt rules regarding the operation of a sick leave pool for Coordinating Board employees.

The proposed repeal affects Texas Government Code, Section 661.002.

§1.900. Sick Leave Pool for Board Employees.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601404

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6193



CHAPTER 2. ACADEMIC AND WORKFORCE EDUCATION

SUBCHAPTER P. APPROVAL PROCESS AND CRITERIA FOR OFF-CAMPUS EDUCATION AT PUBLIC UNIVERSITIES AND HEALTH-RELATED INSTITUTIONS

19 TAC §§2.380 - 2.384, 2.386, 2.388, 2.389

The Texas Higher Education Coordinating Board (Coordinating Board) proposes amendments to Texas Administrative Code, Title 19, Part 1, Chapter 2, Subchapter P, §§2.380 - 2.384, and §2.386, and new §2.388 and §2.389, concerning Approval Process and Criteria for Off-Campus Education at Public Universities and Health-Related Institutions. Specifically, these amendments and new sections will incorporate and make more efficient the Coordinating Board's approval processes for off-campus education at public two-year colleges (other than technical colleges). The existing rules for public two-year colleges in Chapter 4, Subchapter Q, are simultaneously being repealed. Off-campus rules for public technical colleges are simultaneously being proposed in Chapter 11, Subchapter B, for consistency.

The Coordinating Board is authorized by Texas Education Code (TEC), §61.0512(a), which requires Coordinating Board approval for a new certificate or degree program, TEC, §61.0512(g), which requires prior approval from the Coordinating Board to offer off-campus courses, and TEC, §51.981, which establishes criteria for approval of off-campus employer requested programs.

Subchapter P title is amended to incorporate public two-year colleges.

Section 2.380, Purpose and Applicability, is amended to indicate the rules also apply to a public two-year college other than a technical college.

Section 2.382, Definitions, is amended to distinguish in the definition of "Off-Campus Educational Site" the difference between public two-year colleges other than technical colleges (outside the institution's service area) and public universities and health-related institutions (away from the main campus). The section is also amended to include definitions for "Main Campus" and "Employer Requested Off-Campus Program".

Section 2.383, Standards and Criteria for Delivery of Courses and Programs at an Off-Campus Educational Site, is amended for additional clarity and to reference Coordinating Board approval of off-campus educational sites, as applicable to branch campuses for community colleges.

Section 2.384, Notification Required for Off-Campus Delivery of Courses, Certificates, and Less than Fifty Percent (50%) Content of a Degree Program, is amended for language consistency within the rules.

Section 2.388, Employer Requested Off-Campus Programs, establishes procedures and criteria to establish an employer requested off-campus non-credit or credit program.

Section, 2.389, Effective Date of Rules, specifies the rules are applicable to approvals on or after September 1, 2026.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be the consolidated and aligned processes for community colleges and universities to request approval of the delivery of off-campus education as required by Texas Education Code, §61.0512(g). There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted Daniel Pérez, Associate Commissioner for Academic Innovation and Success, P.O. Box 12788, Austin, Texas 78711-2788, or via email at AHA-Comments@highered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The amendment and new sections are proposed under Texas Education Code, Sections 61.0512(g), and 51.981, which provides the Coordinating Board with the authority to approve off-campus credit courses and employer requested off-campus programs.

The proposed amendment and new sections affect Texas Education Code, Sections 61.0512(g), and 51.981.

§2.380. Purpose and Applicability.

This subchapter establishes rules for a public two-year college other than a technical college, public university, or public health-related institution [an institution of higher education, other than a community, technical, or state college,] to obtain approval to offer a course, certificate program, or degree programs at an off-campus educational site.

§2.381. Authority.

Texas Education Code, §61.002, charges the Board with "the elimination of costly duplication in program offerings, faculties, and physical plants." Texas Education Code, §61.0512(a), requires Board approval for a new certificate or degree program. Texas Education Code, §61.0512(g), states that institutions may offer off-campus credit courses only with prior approval from the Coordinating Board. Texas Education Code, §51.981, establishes criteria for approval of off-campus employer requested programs.

§2.382. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Off-Campus Degree Program--A degree program in which fifty percent (50%) or more of required instruction or coursework is in-person at an off-campus educational site.

(2) Off-Campus Educational Site--An additional location, which may include a branch campus or a center, approved by the institution's Board-recognized accreditor in accordance with 34 C.F.R. §600.32, and: [that is away from the main campus where an institution delivers the required instruction for a credit course, certificate, or degree program in person.]

(A) For public universities and health-related institutions, an off-campus educational site is any site away from the main campus where the required instruction or coursework for a credit course, certificate, or degree program is delivered in-person.

(B) For public two-year colleges other than a technical college, an off-campus educational site is any site outside of the institution's service area where required instruction or coursework for a credit course, certificate, or degree program is delivered in person.

(3) Main Campus--The primary campus or campuses of an institution of higher education providing instruction and supported by on-site administration, also referred to as on-campus.

(4) Employer Requested Off-Campus Program--A degree or certificate program and site requested by an employer pursuant to Texas Education Code, Chapter 51, §51.981.

§2.383. Standards and Criteria for Delivery of Courses and Programs at an Off-Campus Educational Site.

Each institution of higher education providing off-campus education shall:

(1) Comply with the standards, criteria, and approval requirements of a [one of the] Board-recognized accrediting organization [organizations] as defined in §4.192 of this title (relating to Recognized Accrediting Organizations);

(2) Operate an off-campus educational site only as authorized by statute or in accordance with the institution's accreditation standards, and if applicable, approved by the Coordinating Board; [by the legislature or in accordance with the institution's accreditation standards;]

(3) Ensure each off-campus educational site is of sufficient quality for the programs and courses offered;

(4) Provide each student with equivalent academic support services as a student enrolled in an on-campus course or program;

(5) Ensure students in off-campus courses and programs satisfy equivalent institutional enrollment requirements as on-campus students; and

(6) Select and evaluate faculty teaching at an off-campus educational site by equivalent standards, review, and approval procedures used by the institution to select and evaluate faculty responsible for on-campus courses and programs.

§2.384. Notification Required for Off-Campus Delivery of Courses, Certificates, and Less than Fifty Percent (50%) Content of a Degree Program.

(a) The provisions under this section are subject to Notification Only as outlined in §2.4 of this Chapter, (relating to Types of Approval Required).

(b) [(a)] Not less than once a year in a manner prescribed by the Board, an institution of higher education shall notify the Coordinating Board of an off-campus educational site at which a course, certificate, or less than fifty percent (50%) of a new degree program is offered.

(c) [(b)] Internship, clinical, dual credit and study abroad sites are exempt from the requirements of this section.

§2.386. Approval Required for Off-Campus Delivery of an Existing Degree Program.

(a) An institution of higher education shall request to offer an existing degree program as an Off-Campus Degree Program under the procedures and approvals pursuant to §2.9 of this chapter (relating to Revisions and Modifications to an Approved Program).

(b) The Coordinating Board shall [will] provide an opportunity for informal comment on the proposed off-campus delivery of the program in accordance with §2.7 of this chapter (relating to Informal Notice and Comment on Proposed Local Programs).

§2.388. Employer Requested Off-Campus Programs.

(a) To establish an employer requested off-campus, non-credit, or credit program, an employer shall first solicit, in writing, an agreement with an institution of higher education within the uniform state service region or a public junior college's service area, as applicable, where the employer requested off-campus educational site is located.

(b) If the institution initially solicited for an agreement under subsection (a) of this section does not finalize an offer to enter into an

agreement with the employer that meets the employer's specifications for the off-campus program within six weeks of the initial written offer, the employer may enter into an agreement with another institution of higher education without prior approval of the Coordinating Board.

(c) If the employer requested off-campus program is a new degree or certificate program, an institution of higher education shall request Coordinating Board approval of the new degree or certificate program, in accordance with the requirements of this chapter concerning approval of new degree and certificate programs, prior to delivery of the employer requested off-campus program.

(d) If the employer requested off-campus program is an existing program that will be modified for the purpose of delivery for the employer, an institution shall follow the program modification requirements set forth in this chapter.

(e) An institution of higher education shall notify the Coordinating Board of the employer-requested program under the provisions of §§2.384 - 2.386 of this subchapter (relating to Notification Required for Off-Campus Delivery of Courses, Certificates, and Less than Fifty Percent (50%) Content of a Degree Program, Approval Required for Off-Campus Delivery of a New Degree Program, and Approval Required for Off-Campus Delivery of an Existing Degree Program, respectively).

§2.389. *Effective Date of Rules.*

The effective date of this subchapter is September 1, 2026. These rules apply to approvals on or after September 1, 2026.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601412

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6299



19 TAC §2.388

The Texas Higher Education Coordinating Board (Coordinating Board) proposes the repeal of Texas Administrative Code, Title 19, Part 1, Chapter 2, Subchapter P, §2.388, concerning Effective Date of Rules. Specifically, this repeal will allow the agency to insert a new section into the subchapter.

The Coordinating Board is authorized by Texas Education Code, §61.0512(g) and §51.981, to approve off-campus credit courses.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as the result of administering the section will be better organized administrative rules related to off-campus education. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will not create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Daniel Pérez, Associate Commissioner for Academic Innovation and Success, P.O. Box 12788, Austin, Texas 78711-2788, or via email at [AHA-Comments@highered.texas.gov](mailto:Comments@highered.texas.gov). Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The repeal is proposed under Texas Education Code, Sections 61.0512(g) and 51.981, which provides the Coordinating Board with the authority to approve off-campus credit courses.

The proposed repeal affects Texas Education Code, Sections 61.0512(g) and 51.981.

§2.388. *Effective Date of Rules.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601411

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6299



CHAPTER 4. RULES APPLYING TO ALL PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN TEXAS
SUBCHAPTER Q. APPROVAL OF OFF-CAMPUS AND SELF-SUPPORTING

COURSES AND PROGRAMS FOR PUBLIC INSTITUTIONS

19 TAC §§4.270 - 4.279

The Texas Higher Education Coordinating Board (Coordinating Board) proposes the repeal of Texas Administrative Code, Title 19, Part 1, Chapter 4, Subchapter Q, §§4.270 - 4.279, concerning Approval of Off-Campus and Self-Supporting Courses and Programs for Public Institutions. Specifically, rules relating to approval of self-supporting courses and programs have been replaced in Chapter 2, Subchapter O. Rules relating to the approval of off-campus courses and programs for public universities and health-related institutions have been replaced in Chapter 2, Subchapter P, and will be amended at the same time as this repeal to include public junior colleges. Rules relating to approval for off-campus courses and programs at Texas state technical colleges will be adopted in Chapter 11, Subchapter B, at the same time as this repeal.

Texas Education Code (TEC), §61.002, charges the Coordinating Board with "the elimination of costly duplication in program offerings, faculties, and physical plants." TEC, §61.0512(a), requires Coordinating Board approval for a new certificate or degree program. TEC, §61.0512(g), states that institutions may offer off-campus credit courses only with prior approval from the Coordinating Board.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be the simplification of the approval and reporting requirements for off-campus education for institutions. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will not create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and

(8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Daniel Pérez, Associate Commissioner for Academic Innovation and Success, P.O. Box 12788, Austin, Texas 78711-2788, or via email at [AHA-Comments@highered.texas.gov](mailto:Comments@highered.texas.gov). Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The repeal is proposed under Texas Education Code, Section 61.0512(g), which states that institutions may offer off-campus credit courses only with prior approval from the Coordinating Board.

The proposed repeal affects Texas Education Code, Sections 61.0512(g) and 51.661.

§4.270. *Purpose.*

§4.271. *Authority.*

§4.272. *Definitions.*

§4.273. *General Provisions.*

§4.274. *Standards and Criteria for Institutions.*

§4.275. *Standards and Criteria for Off-Campus and Self-Supporting Programs.*

§4.276. *Standards and Criteria for Off-Campus and Self-Supporting Courses.*

§4.277. *Standards and Criteria for Off-Campus and Self-Supporting Faculty.*

§4.278. *Functions of Regional Councils.*

§4.279. *Formula Funding General Provisions.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601413

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6299



SUBCHAPTER W. RESEARCH SECURITY AND FOREIGN ADVERSARY RESTRICTIONS

19 TAC §4.356

The Texas Higher Education Coordinating Board (Coordinating Board) proposes new rules in Texas Administrative Code, Title 19, Part 1, Chapter 4, Subchapter W, §4.356, concerning Gifts of De Minimis Value. Specifically, this new section will establish a definition for gifts of "de minimis value", in accordance with statutory changes made by House Bill 127, 89th Texas Legislature, Regular Session, updating Texas Education Code (TEC) Chapters 51 and 51B.

The Coordinating Board is required by TEC, §51B.051(a) to, in consultation with the Higher Education Research Security Council, determine by rule what constitutes a gift of "de minimis value."

The Coordinating Board has consulted with the Higher Education Research Security Council in proposing this rule.

Rule 4.356, Gifts of De Minimis Value, implements TEC, §51B.051(a), by defining "de minimis value" for purposes of the statutory restriction on accepting gifts from a foreign source of a foreign adversary as defined in §51B.001. The rule limits de minimis value to non-cash items under \$50 that are unsolicited, non-recurring, and not offered in exchange for any official action (i.e., nominal promotional items), and specifies that cash or cash equivalents, travel or related hospitality, honoraria, non-public discounts, recurring or decision-linked items, and items with unclear source or intent are not de minimis regardless of the amount.

Glenna Bruun, Associate Commissioner for Public Affairs, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Glenna Bruun, Associate Commissioner for Public Affairs, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be providing institutions of higher education a clear standard for "de minimis value" that supports compliance with restrictions on gifts from foreign adversary sources. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Glenna Bruun, Associate Commissioner for Public Affairs, P.O. Box 12788, Austin, Texas 78711-2788, or via email at er@highered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The new section is proposed under Texas Education Code, Section 51B.051(a), which requires the Coordinating Board to, in consultation with the Higher Education Research Security Council, determine by rule what constitutes a gift of "de minimis value."

The proposed new section affects Texas Administrative Code, Title 19, Part 1, Chapter 4, Subchapter W.

§4.356. Gifts of De Minimis Value.

(a) For purposes of Texas Education Code, §51B.051, which restricts institutions of higher education and their employees from accepting gifts from a foreign source of a foreign adversary unless the gift is of de minimis value, a "gift of de minimis value" means a non-cash item with a value of less than \$50 that is unsolicited, non-recurring, and not offered in exchange for any official action (i.e., a nominal promotional item).

(b) The following are not gifts of de minimis value:

- (1) cash or cash equivalents (including gift cards);
- (2) travel, lodging, meals, or entertainment;
- (3) honoraria;
- (4) discounts not publicly available;
- (5) anything recurring, tied to a business decision, or that could reasonably be viewed as influencing official action; or
- (6) anything where the source, intent, or circumstances are unclear.

(c) The acceptance of a gift of de minimis value by an institution of higher education or an employee of an institution of higher education from a foreign source of a foreign adversary as defined in Texas Education Code, §51B.001, does not violate Texas Education Code, §51B.051.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601414

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6116



CHAPTER 6. HEALTH EDUCATION, TRAINING, AND RESEARCH FUNDS SUBCHAPTER E. TEXAS EMERGENCY AND TRAUMA CARE EDUCATION PARTNERSHIP PROGRAM

19 TAC §§6.91 - 6.96

The Texas Higher Education Coordinating Board (Coordinating Board) proposes the repeal of Texas Administrative Code, Title 19, Part 1, Chapter 6, Subchapter E, §§6.91 - 6.96, concerning the Texas Emergency and Trauma Care Education Partnership Program. Specifically, this repeal will remove duplicate administrative rules that have been revised and moved to Chapter 10, Subchapter H.

Texas Education Code, Chapter 61, Subchapter HH, §§61.9801 - 61.9807, authorizes the Coordinating Board to adopt rules to administer the Texas Emergency Trauma Care Education Partnership Program.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rule. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rule.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as the result of administering the section will be removing duplicate administrative rules that have been replaced in Chapter 10, Subchapter H. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will not create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Daniel Pérez, Associate Commissioner for Academic Innovation and Success, P.O. Box 12788, Austin, Texas 78711-2788, or via email at AHA-Comments@highered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The repeal is proposed under Texas Education Code, Chapter 61, Subchapter HH, Sections 61.9801 - 61.9807, which authorizes the Coordinating Board to adopt rules to administer the Texas Emergency Trauma Care Education Partnership Program.

The proposed repeal affects Texas Education Code, Sections 61.9801 - 61.9807.

§6.91. *Purpose.*

§6.92. *Authority.*

§6.93. *Definitions.*

§6.94. *Eligibility.*

§6.95. *Selection for Funding.*

§6.96. *General Information.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601418

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6299

◆ ◆ ◆

CHAPTER 11. TEXAS STATE TECHNICAL COLLEGE SYSTEM

SUBCHAPTER C. OFF-CAMPUS RULES FOR TEXAS STATE TECHNICAL COLLEGE SYSTEM

19 TAC §§11.40 - 11.48

The Texas Higher Education Coordinating Board (Coordinating Board) proposes new rules in Texas Administrative Code, Title 19, Part 1, Chapter 11, Subchapter C, §§11.40 - 11.48, concerning Off-Campus Rules for Texas State Technical College System. Specifically, the new rules are designed to streamline and consolidate processes related to notification and approval of off-campus courses, certificates, and programs for the Texas State Technical College System. The new rules replace existing rules in Chapter 4, Subchapter Q, relating to the delivery of off-campus courses, certificates, and programs for community and technical colleges, which will be repealed under separate rulemaking.

Texas Education Code (TEC), §61.002, charges the Coordinating Board with "the elimination of costly duplication in program offerings, faculties, and physical plants." TEC, §61.0512(a), requires the Coordinating Board approval for a new certificate or degree program. TEC, §61.0512(g), states that institutions may offer off-campus credit courses only with prior approval from the Coordinating Board.

Section 11.40, Definitions, provides words and terms relevant to approval of and delivery of certificate and degree programs at off-campus educational sites.

Section 11.41, Standards and Criteria for Delivery of Courses and Programs at an Off-Campus Educational Site, establishes required criteria that a technical college must comply with to offer off-campus education. These criteria align with state and federal standards and ensure that each student enrolled in an off-campus degree program has access to the same quality of education as on-campus students.

Section 11.42, Notification Required for Off-Campus Delivery of Courses, Certificates, and Less than Fifty Percent (50%) Content of a Degree Program, establishes procedures for a technical college to notify the Coordinating Board of its intent to offer off-campus education, including instruction that does not meet the fifty percent (50%) content threshold. The section also identifies which site types are not required as part of the notification. This requirement is new but ensures statutory compliance with as minimal data collection as possible.

Section 11.43, Approval Required for Off-Campus Delivery of a New Certificate or Degree Program, establishes approval procedures for a technical college seeking approval for a new certificate or degree program that will be offered at an off-campus location. This section does not represent a departure from current practice for technical colleges.

Section 11.44, Approval Required for Off-Campus Delivery of an Existing Certificate or Degree Program, establishes procedures for a technical college seeking approval for an existing certificate or degree program to be offered at an off-campus location. This requirement is not new and removes the institutional requirement to submit a 50-mile notification prior to submission to the Coordinating Board. The Coordinating Board will send out a regional informal notice for a 30-day comment period for an off-campus request, which it does with new degree programs.

Section 11.45, Modifications and Phase Out of An Off-Campus Certificate or Degree Program, establishes procedures for making a modification to a certificate and degree program offered at an off-campus educational site.

Section 11.46, Statutory Exemptions from Program Approval, delineates Texas counties that are exempt from program approval requirements.

Section 11.47, Requirements for an Employer Requested Program, establishes the procedures that a technical college must follow related to TEC, §51.981.

Section 11.48, Effective Dates of Rules, specifies that the rules are effective beginning September 1, 2026.

Dr. Tina Jackson, Assistant Commissioner for Workforce Education, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rules. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Dr. Tina Jackson, Assistant Commissioner for Workforce Education, has also determined that for each year of the first five years the sections are in effect, the public benefit anticipated as a result of administering the sections will streamline and consolidate processes related to notification and approval of off-campus courses, certificates, and programs for the Texas State Technical College System. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will create a new rule;

(6) the rules will not limit an existing rule;

(7) the rules will not change the number of individuals subject to the rules; and

(8) the rules will not affect this state's economy.

Comments on the proposed rules or information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research or analysis, may be submitted to Dr. Tina Jackson, Assistant Commissioner for Workforce Education, P.O. Box 12788, Austin, Texas 78711-2788, or via email at Tina.Jackson@highered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The new sections are proposed under Texas Education Code, Sections 61.1002, 61.0512(a), and 61.0512(g), which provide the Coordinating Board with the authority to eliminate duplication in program offerings, faculties, and physical plans; requires board approval of new certificate and degree programs; and states that institutions may offer off-campus credit courses only with board prior approval, respectively.

The proposed new sections affect Texas Administrative Code, Chapter 11, Subchapter C.

§11.40. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Career and Technical Education--Career and technical education shall mean the same as technical-vocational education for the purpose of this subchapter.

(2) Employer Requested Certificate or Degree Program and Site--A career and technical education certificate or degree program and site requested by an employer pursuant to Texas Education Code, Chapter 51, §51.981.

(3) Off-Campus Certificate Program--A career and technical education certificate program in which fifty percent (50%) or more of required instruction or coursework is in-person at an off-campus educational site.

(4) Off-Campus Degree Program--A degree program in which fifty percent (50%) or more of required instruction or coursework is in-person at an off-campus educational site.

(5) Off-Campus Educational Site--An additional location, which is any site away from the technical college's main campus, approved by the technical college's Board-recognized accreditor in accordance with 34 C.F.R. §600.32, and where required instruction for a career and technical education credit course, certificate, or degree program is delivered in person.

(6) Main Campus--The primary campus of each technical college as set forth in Texas Education Code, Chapter 135, §135.02(a).

(7) Technical College--A main campus of the Texas State Technical College System.

§11.41. Standards and Criteria for Delivery of Courses and Programs at an Off-Campus Educational Site.

Each technical college providing off-campus career and technical education shall meet the requirements specified in §2.383 of this title (relating to Standards and Criteria for Delivery of Courses and Programs at an Off-Campus Educational Site).

§11.42. Approval Required for Off-Campus Delivery of Courses, Certificates, and Less than Fifty Percent (50%) Content of a Degree Program.

(a) The provisions under this section are subject to Notification Only approval as set out in Chapter 2, Subchapter L (relating to the Approval Process for a Career and Technical Education Certificate), and Subchapter K (relating to the Approval Process for an Applied Associate Degree) and §2.4 of this title, (relating to Types of Approval Required).

(b) Not less than once a year in a manner prescribed by the Board, a technical college shall notify the Coordinating Board of an off-campus educational site at which a career and technical education course, certificate, or less than fifty percent (50%) of required instruction and coursework for a degree program is offered.

(c) Internship, clinical, dual credit, and study abroad sites are exempt from the requirements of this section.

§11.43. Approval Required for Off-Campus Delivery of a New Certificate or Degree Program.

(a) A technical college shall obtain Coordinating Board approval prior to delivery of a new career and technical education certificate or degree program designated as an Off-Campus Degree Program or an Off-Campus Certificate Program. A request for a new Off-Campus Certificate or Degree Program is subject to the approval requirements set forth in Chapter 2, Subchapter L (relating to the Approval Process for a Career and Technical Education Certificate), and Subchapter K (relating to the Approval Process for an Applied Associate Degree).

(b) The technical college shall provide to the Coordinating Board in its request for approval the name and address of the proposed off-campus educational site where the Off-Campus Degree Program or Off-Campus Certificate Program would be delivered if approved.

(c) The Coordinating Board shall provide informal notice and opportunity to comment to institutions of higher education that offer substantially similar programs in the region on the proposed off-campus delivery of the program in accordance with §2.7 of this title (relating to Informal Notice and Comment on Proposed Local Programs).

§11.44. Approval Required for Off-Campus Delivery of an Existing Certificate or Degree Program.

(a) A technical college shall request to offer an existing career and technical education certificate or degree program as an Off-Campus Degree Program or an Off-Campus Certificate Program. A request for a new Off-Campus Certificate or Degree Program is subject to the approval requirements set forth in Chapter 2, Subchapter L (relating to the Approval Process for a Career and Technical Education Certificate) and Subchapter K (relating to the Approval Process for an Applied Associate Degree).

(b) The Coordinating Board shall provide informal notice and opportunity to comment to institutions of higher education that offer substantially similar programs in the region on the proposed off-campus delivery of the program in accordance with §2.7 of this title (relating to Informal Notice and Comment on Proposed Local Programs).

§11.45. Modifications and Phase Out of an Off-Campus Certificate and Degree Program.

A technical college may request revision, modification or phase out of an approved career and technical education certificate or degree program offered at an off-campus educational site as set out in Chapter 2, Subchapter L (relating to the Approval Process for a Career and Technical Education Certificate) and Subchapter K (relating to the Approval Process for an Applied Associate Degree).

§11.46. Statutory Exemptions from Program Approval.

Approval of career and technical education programs under this section does not apply to Brown, McLennan, Cameron, Fort Bend, Comal, Denton, Guadalupe, Williamson, and Potter Counties.

§11.47. Requirements for an Employer Requested Program.

(a) A technical college must meet the requirements specified in §2.388 of this title (relating to an Employer Requested Program).

(b) For the purpose of this subsection, a technical college shall comply with §§11.42 - 11.45 (relating to Approval Required for Off-Campus Delivery of Courses, Certificates, and Less than Fifty Percent (50%) Content of a Degree Program, Approval Required for Off-Campus Delivery of a New Certificate or Degree Program, Approval Required for Off-Campus Delivery of an Existing Certificate or Degree Program, and Modifications and Phase Out of An Off-Campus Certificate and Degree Program, respectfully).

§11.48. Effective Date of Rules.

The effective date of this subchapter is September 1, 2026. These rules apply to approvals on or after September 1, 2026.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601420

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6209



CHAPTER 13. FINANCIAL PLANNING
SUBCHAPTER J. TEXAS FUND FOR
GEOGRAPHY EDUCATION

19 TAC §§13.180 - 13.186

The Texas Higher Education Coordinating Board (Coordinating Board) proposes the repeal of Texas Administrative Code, Title 19, Part 1, Chapter 13, Subchapter J, §§13.180 - 13.186, concerning the Texas Fund for Geography Education. Specifically, this repeal removes rules for a fund that has been dissolved.

Texas Education Code, §61.027, authorizes the Coordinating Board to adopt and repeal rules. The fund to which the rules apply has been dissolved, and the Coordinating Board has determined that the rules are no longer required.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has determined that for each of the first five years the sections are in effect there would be no fiscal implications for state or local governments as a result of enforcing or administering the rules. There are no estimated reductions in costs to the state and to local governments as a result of enforcing or administering the rules. There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There is no impact on small businesses, micro businesses, and rural communities. There is no anticipated impact on local employment.

Daniel Pérez, Associate Commissioner for Academic Innovation and Success, has also determined that for each year of the first five years the section is in effect, the public benefit anticipated as a result of administering the section will be removing rules for a fund that has been dissolved. There are no anticipated economic costs to persons who are required to comply with the sections as proposed.

Government Growth Impact Statement

- (1) the rules will not create or eliminate a government program;
- (2) implementation of the rules will not require the creation or elimination of employee positions;
- (3) implementation of the rules will not require an increase or decrease in future legislative appropriations to the agency;
- (4) the rules will not require an increase or decrease in fees paid to the agency;
- (5) the rules will not create a new rule;
- (6) the rules will not limit an existing rule;
- (7) the rules will not change the number of individuals subject to the rule; and
- (8) the rules will not affect this state's economy.

Comments on the proposed rule or information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research or analysis, may be submitted to Daniel Pérez, Associate Commissioner for Academic Innovation and Success, P.O. Box 12788, Austin, Texas 78711-2788, or via email at AHA-Comments@highered.texas.gov. Comments will be accepted for 30 days following publication of the proposal in the *Texas Register*.

The repeal is proposed under Texas Education Code, Section 61.027, which provides the Coordinating Board with the authority to adopt and repeal rules.

The proposed repeal affects Texas Education Code, §§61.9681-61.9684.

§13.180. *Authority, Scope, and Purpose.*

§13.181. *Definitions.*

§13.182. *Agreement with National Geographic Society.*

§13.183. *Dissolution of the Fund.*

§13.184. *Advisory Committee.*

§13.185. *Procedures for Solicitation and Recommendation of Grant Proposals.*

§13.186. *Eligibility.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601422

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 427-6299



PART 2. TEXAS EDUCATION AGENCY

CHAPTER 89. ADAPTATIONS FOR SPECIAL POPULATIONS

SUBCHAPTER AA. COMMISSIONER'S RULES CONCERNING SPECIAL EDUCATION SERVICES

DIVISION 2. CLARIFICATION OF PROVISIONS IN FEDERAL REGULATIONS

19 TAC §§89.1050, 89.1055, 89.1096

The Texas Education Agency (TEA) proposes amendments to §§89.1050, 89.1055, and 89.1096, concerning special education services. The proposed amendments would update statutory authority and clarify current program practices and requirements in accordance with House Bill (HB) 2, Senate Bill (SB) 568, and SB 2, 89th Texas Legislature, Regular Session, 2025.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 89.1050 defines the criteria for the admission, review, and dismissal (ARD) committee.

The proposed amendment to subsection (a) would align reference to federal and state law by adding new statutory references and repealing statutory references in accordance with HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025.

The proposed amendment to subsection (c)(1)(I) would add criteria for a career and technical education (CTE) representative of the ARD committee to be knowledgeable about the availability of CTE programs offered in the district.

The proposed amendment to subsection (c)(2) would add reference 19 TAC §89.1131, Qualifications of Special Education, Related Service, and Paraprofessional Personnel, to describe the certification and licensure requirements for special education personnel.

Proposed new subsection (c)(3) would establish that a prekindergarten teacher who is dual certified in general education and special education and is responsible for implementing the child's individualized education program (IEP) could represent both the general and special education teacher requirements of the ARD committee.

The proposed amendment to subsection (c)(4)(A)-(C) would clarify ARD committee requirements for teachers of students with visual impairments, who are deaf or hard of hearing or who are deaf-blind.

A proposed amendment to subsection (d) would update the timeframe for a school district to provide parents with written notice of the ARD committee meeting from 5 school days to 10 calendar days.

The proposed amendment to subsection (e) would clarify a requirement for school districts to provide the parent notice of scheduling options for the ARD committee meeting within 10 school days of receipt of a written request for a meeting.

Subsections (f) and (g) would be modified to update terminology and align with the proposed amendment to change the timeframe to 10 calendar days.

Proposed new subsections (h)-(j) would clarify school district requirements for providing required information, parent notice,

and ARD committee procedures when residential placements or changes in the location of special education and related services are considered, consistent with applicable state and federal law.

Section 89.1055 establishes criteria for the IEP.

The proposed amendment to subsection (a) would clarify that all elements of the rule must be followed.

The proposed amendment to subsection (b) would clarify the timeline for review of the annual IEP.

Proposed new subsection (c)(1)-(4) would clarify the information that must be included in the present levels of academic achievement and functional performance.

The proposed amendment to subsection (d) would clarify the responsibilities of the ARD committee in establishing annual goals.

The proposed amendment to subsection (d)(1)(i) and (ii) would clarify when an annual goal is needed.

The proposed amendment to subsection (d)(2)(i)-(iii) would clarify when short-term objectives are needed as a part of the annual goal.

Proposed new subsection (e)(1)-(3) would add criteria for the service delivery schedule.

Proposed new subsection (f) would add documentation of minutes a student spends in and out of the general education setting.

Proposed new subsection (g) would establish progress monitoring for the IEP and contingencies for making up any specially designed instruction missed due to emergencies, staffing shortages, or other unforeseen circumstances.

The proposed amendment to subsection (i)(2) would clarify that alternative state assessment documentation must be completed and included in the child's IEP.

The proposed amendment to subsection (j) would clarify what services are needed for extended school year services.

The proposed amendment to subsection (k) would update a statutory cross reference to align with current state law.

The proposed amendment to subsection (n), including new paragraphs (1)-(9), would establish criteria to be included in the IEP for students who are identified as having a specific learning disability (SLD) in dyslexia.

Proposed new subsection (o) would establish the documentation needed if portions of subsection (n) are not applicable to a student.

Proposed new subsection (p) would establish the documentation needed in the IEP if a student meets eligibility criteria for SLD in basic reading or reading fluency explaining why/how the student did not meet criteria for dyslexia.

Proposed new subsection (q)(1) and(2) would establish criteria to be included in the IEP for students identified as SLD in dysgraphia.

Proposed new subsection (r) would establish criteria for school districts related to School Health and Related Services (SHARS) reimbursement.

The proposed amendment to subsection (t) would clarify the language in accordance with current practice.

The proposed amendment to subsection (t)(4) would clarify language related to a functional vocational evaluation in accordance with current practice.

The proposed amendment to subsection (w), including paragraph (1), would clarify language, related to the first IEP to be in effect for students when they turn 18 years old, in accordance with current practice.

The proposed amendment to subsection (y) would clarify the language in accordance with current practice by updating the phrase "native language" to "primary language."

The proposed amendment to subsection (z)(3) would clarify the language in accordance with current practice by replacing "administrator" with "representative of the school district identified in §89.1050."

The proposed amendments to subsection (aa)(1)-(3) would clarify the language in accordance with current practice by updating the phrase "native language" to "primary language."

The proposed amendments to subsection (bb) would establish a timeframe for giving a parent the final IEP.

Proposed new subsection (cc)(4) would set criteria for extending timelines for transfer students if they are absent.

Section 89.1096 establishes provisions of services for students placed by their parents in private schools or facilities.

An amendment to the title of the section is proposed for clarification to align with SB 2, 89th Texas Legislature, Regular Session, 2025.

The proposed amendment to subsection (a) would align state rules with federal Individuals with Disabilities Education Act (IDEA) requirements by clarifying that parentally placed private school students do not have an individual entitlement to special education services.

The proposed amendment to subsection (a)(1) would clarify the use of the rule.

The proposed amendment to subsection (a)(1)(B) would clarify that the public school evaluating the child determines if a school is a private school.

The proposed amendment to subsection (b) would clarify when a district does not have to provide educational services to a parentally placed private school student.

Existing subsection (c), related to dual enrollment of a student aged 3 or 4, would be removed.

The proposed amendment to re-lettered subsection (c) would clarify when a parent can request an individualized services plan.

Proposed new subsections (d)-(j) would establish new regulations based on SB 2, 89th Texas Legislature, Regular Session, 2025. The proposed new language would clarify the IEP criteria used to determine eligibility for participation in the Texas Education Savings Account under Texas Education Code, §29.3615, including the minimum components of an IEP developed solely for eligibility purposes, which also allowing the use of an IEP written in compliance with the IDEA.

FISCAL IMPACT: Jennifer Alexander, associate commissioner of special populations and student supports, has determined that for the first five-year period the proposal is in effect, there are no additional costs to state or local government, including school

districts and open-enrollment charter schools, required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis, specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. During the first five years the proposed rulemaking would be in effect, it would expand existing regulations. The proposed amendments would expand ARD committee and IEP requirements; establish the IEP criteria used to determine eligibility for participation in the Texas Education Savings Account program; and update statutory cross references to align with HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not create a new regulation; would not limit or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: Ms. Alexander has determined that for each year of the first five years the proposal is in effect, the public benefit anticipated as a result of enforcing the proposal would be to define the criteria requirements for the ARD committee in §89.1050; establish criteria requirements for the IEP in §89.1055; and in §89.1096, to establish provisions of services for students placed by their parents in private schools or facilities and establish the IEP requirements used to determine eligibility for participation in the Texas Education Savings Account program, which is different than IEPs used in schools under IDEA. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: The proposal would have no data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: TEA requests public comments on the proposal, including, per Texas Government Code, §2001.024(a)(8), information related to the cost, benefit, or effect of the proposed rule and any applicable data, research, or analysis, from any person required to comply with the proposed rule or

any other interested person. The public comment period on the proposal begins April 10, 2026, and ends May 11, 2026. A form for submitting public comments is available on the TEA website at [https://tea.texas.gov/About_TEA/Laws_and_Rules/Commissioner_Rules_\(TAC\)/Proposed_Commissioner_of_Education_Rules/](https://tea.texas.gov/About_TEA/Laws_and_Rules/Commissioner_Rules_(TAC)/Proposed_Commissioner_of_Education_Rules/). Public hearings will be conducted to solicit testimony and input on the proposed amendments at 9:30 a.m. on April 23 and 24, 2026. The public may participate in either hearing virtually by linking to the hearing at <https://us02web.zoom.us/j/83220111674>. Anyone wishing to testify must be present at 9:30 a.m. and indicate to TEA staff their intent to comment and are encouraged to also send written testimony to sped@tea.texas.gov. Each hearing will conclude once all who have signed in have been given the opportunity to comment. Questions about the hearing should be directed to Derek Hollingsworth, Special Populations Policy and Compliance, Derek.Hollingsworth@tea.texas.gov.

STATUTORY AUTHORITY. The amendments are proposed under Texas Education Code (TEC), §29.001, as amended by House Bill (HB) 2 and Senate Bill (SB) 568, 89th Texas Legislature, Regular Session, 2025, which establishes criteria for the implementation of special education law; TEC, §29.003, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which requires the Texas Education Agency (TEA) to develop eligibility criteria for students receiving special education services; TEC, §29.004, which establishes criteria for completing full individual and initial evaluations of a student for purposes of special education services; TEC, §29.005, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which establishes criteria for developing a student's individualized education program (IEP) prior to a student enrolling in a special education program; TEC, §29.010, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which requires TEA to develop and implement a monitoring system for school district compliance with federal and state laws regarding special education; TEC, §29.011, which requires the commissioner to adopt procedures for compliance with federal requirements relating to transition services for students enrolled in special education programs; TEC, §29.0111, which appropriates state transition planning to begin for a student no later than the student turning 14 years of age; TEC, §29.012, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which requires the commissioner to develop and implement procedures for compliance with federal requirements relating to transition services for students enrolled in a special education program; TEC, §29.026, as added by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which establishes rulemaking authority for the commissioner as necessary to implement TEC, Chapter 29, Subchapter A; TEC, §29.3615, as added by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which establishes IEP evaluations for a student who is not enrolled in a school district or open-enrollment charter school; TEC, §38.003, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025, which establishes criteria for the screening and treatment for dyslexia and related disorders; Texas Government Code, §392.002, which requires the use of person first respectful language; 34 CFR, §300.101, which defines the requirement for all children residing in the state between the ages of 3-21 to have a free appropriate public education available; 34 CFR, §300.129, which establishes criteria for the state responsibility regarding children in private schools; 34 CFR, §300.131, which establishes child find for parentally placed private school children with disabilities; 34

CFR, §300.132, which establishes the basic requirement for the provision of services for parentally placed private school children with disabilities; 34 CFR, §300.133, which establishes criteria for expenditures; 34 CFR, §300.136, which establishes criteria for compliance; 34 CFR, §300.139, which establishes the criteria for location of services and transportation; 34 CFR, §300.142, which establishes criteria for use of personnel; 34 CFR, §300.143, which prohibits separate classes; 34 CFR, §300.307, which establishes the criteria for determining specific learning disabilities; 34 CFR, §300.310, which establishes criteria for observation to document the child's academic performance and behavior in the areas of difficulty; 34 CFR, §300.311, which establishes criteria for specific documentation for the eligibility determination; 34 CFR, §300.320, which defines the IEP; 34 CFR, §300.322, which establishes criteria for parent participation; and 34 CFR, §300.323, which establishes criteria for when IEPs must be in effect.

CROSS REFERENCE TO STATUTE. The amendments implement Texas Education Code (TEC), §§29.001, as amended by House Bill (HB) 2 and Senate Bill (SB) 568, 89th Texas Legislature, Regular Session, 2025; 29.003, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; 29.004; 29.005, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; 29.010, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; 29.011; 29.012, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; 29.026, as added by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; 29.3615, as added by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; and 38.003, as amended by HB 2 and SB 568, 89th Texas Legislature, Regular Session, 2025; Texas Government Code, §392.002; and 34 Code of Federal Regulations (CFR), §§300.101, 300.129, 300.131, 300.132, 300.133, 300.136, 300.139, 300.142, 300.143, 300.307, 300.310, 300.311, 300.320, 300.322, and 300.323.

§89.1050. *The Admission, Review, and Dismissal Committee.*

(a) Each school district must establish an admission, review, and dismissal (ARD) committee for each eligible student with a disability and for each student for whom a full individual and initial evaluation is conducted pursuant to §89.1011 of this title (relating to Full Individual and Initial Evaluation). The ARD committee is the individualized education program (IEP) team defined in federal law and regulations, including, specifically, 34 Code of Federal Regulations (CFR), §300.321. The ARD committee [school district] is responsible for all of the functions for which the IEP team is responsible under federal and state law and regulations [and for which the ARD committee is responsible under state law], including the following:

- (1) 34 CFR, §§300.320-300.325, and Texas Education Code (TEC), §29.005 (individualized education programs);
- (2) 34 CFR, §§300.145-300.147 (relating to placement of eligible students in private schools by a school district);
- (3) 34 CFR, §§300.132, 300.138, and 300.139 (relating to the development and implementation of service plans for eligible students placed by parents in private school who have been designated to receive special education and related services);
- (4) 34 CFR, §300.530 and §300.531, and TEC, §37.004 (disciplinary placement of students with disabilities);
- (5) 34 CFR, §§300.302-300.306 (relating to evaluations, re-evaluations, and determination of eligibility);

- (6) 34 CFR, §§300.114-300.117 (relating to least restrictive environment);
- ~~(7) TEC, §28.006 (Reading Diagnosis);~~
- ~~(7) [(8)] TEC, §28.0211 (Satisfactory Performance on Assessment Instruments Required; Accelerated Instruction);~~
- ~~(8) [(9)] TEC, §28.0212 (Junior High or Middle School Personal Graduation Plan);~~
- ~~(9) [(40)] TEC, §28.0213 (Intensive Program of Instruction);~~
- ~~(10) TEC, §28.025 (High School Diploma and Certificate; Academic Achievement Record);~~
- ~~(11) TEC, Chapter 29, Subchapter A;~~
- ~~(12) TEC, §29.048 (Admission, Review and Dismissal Committee Duties);~~
- ~~(13) [(11)] TEC, Chapter 29, Subchapter I (Programs for Students Who Are Deaf or Hard of Hearing);~~
- ~~(14) TEC, Chapter 30, Subchapters A, B, and C;~~
- ~~[(12) TEC, §30.002 (Education for Children with Visual Impairments);]~~
- ~~[(13) TEC, §30.003 (Support of Students Enrolled in the Texas School for the Blind and Visually Impaired or Texas School for the Deaf);]~~
- ~~(15) [(14)] TEC, §33.081 (Extracurricular Activities);~~
- ~~[(15) TEC, §37.004 (Placement of Students with Disabilities);]~~
- ~~(16) TEC, §37.307 (Placement and Review of Student with Disability);~~
- ~~(17) TEC, §38.034 (School Health and Related Services Program; Eligibility for Audiology Services);~~
- ~~(18) TEC, §39.023 (Adoption and Administration of Instruments);~~
- ~~(19) TEC, §39.025 (Secondary-Level Performance Required); and~~
- ~~[(17) TEC, Chapter 39, Subchapter B (Assessment of Academic Skills); and]~~
- ~~(20) [(18)] TEC, §48.102 (Special Education).~~

(b) For a student from birth through two years of age with a visual impairment or who is deaf or hard of hearing, an individualized family services plan meeting must be held in place of an ARD committee meeting in accordance with 34 CFR, §§300.320-300.324, and the memorandum of understanding between the Texas Education Agency and the Texas Health and Human Services Commission. For students three years of age and older, school districts must develop an IEP.

(c) ARD committee membership.

(1) ARD committees must include the following:

- (A) the parents, as defined by 34 CFR, §300.30, of the student;
- (B) not less than one general education teacher of the student (if the student is, or may be, participating in the general education environment) who must, to the extent practicable, be a teacher who is responsible for implementing a portion of the student's IEP;

(C) not less than one special education teacher of the student, or where appropriate, not less than one special education provider of the student;

(D) a representative of the school district who:

(i) is qualified to provide, or supervise the provision of, specially designed instruction to meet the unique needs of students with disabilities;

(ii) is knowledgeable about the general education curriculum; and

(iii) is knowledgeable about the availability of resources of the school district;

(E) an individual who can interpret the instructional implications of evaluation results, who may be a member of the committee described in subparagraphs (B)-(D) and (F) of this paragraph;

(F) at the discretion of the parent or the school district, other individuals who have knowledge or special expertise regarding the student, including related services personnel, as appropriate;

(G) whenever appropriate, the student with a disability;

(H) to the extent appropriate, with the consent of the parents or a student who has reached the age of majority, a representative of any participating agency that is likely to be responsible for providing or paying for transition services;

(I) when considering initial or continued placement of a student in career and technical education (CTE), a representative from CTE who is knowledgeable about the availability of CTE programs offered in the district, who may be a member of the committee described in subparagraphs (B) and (D) of this paragraph [career and technical education (CTE), preferably the teacher, when considering initial or continued placement of a student in CTE]; and

(J) a professional staff member who is on the language proficiency assessment committee who may be a member of the committee described in subparagraphs (B) and (C) of this paragraph, if the student is identified as emergent bilingual.

(2) The special education teacher or special education provider that participates in the ARD committee meeting must be appropriately certified or licensed as required by 34 CFR, §300.156, and further described in §89.1131 of this title (relating to Qualifications of Special Education, Related Service, and Paraprofessional Personnel).

(3) If a teacher is dual certified in general education and special education and is serving as a prekindergarten teacher, and the teacher is or would be the only general education teacher responsible for implementing the child's IEP, that teacher may represent both the general and special education teacher as required by paragraph (1)(B) and (C) of this subsection.

(4) [(3)] If the student is:

(A) a student with a suspected or documented visual impairment, the ARD committee must include a teacher who is certified in the education of students with visual impairments who may be a member of the committee described in paragraph (1)(C) of this subsection;

(B) a student who is suspected or documented to be deaf or hard of hearing, the ARD committee must include a teacher who is certified in the education of students who are deaf or hard of hearing who may be a member of the committee described in paragraph (1)(C) of this subsection;

(C) a student with suspected or documented deaf-blindness, the ARD committee must include either a teacher who is certified

in the education of students with visual impairments and a teacher who is certified in the education of students who are deaf or hard of hearing, or a teacher with a deafblind certification, who may be a member of the committee described in paragraph (1)(C) of this subsection; or

(D) a student who is suspected or identified with dyslexia, when determining initial or continued eligibility, the ARD committee must include a professional who meets the requirements of TEC, §29.0031(b), and §74.28 of this title (relating to Students with Dyslexia and Related Disorders), including any handbook adopted in the rule.

(5) [(4)] An ARD committee member is not required to attend an ARD committee meeting if the conditions of either 34 CFR, §300.321(e)(1), regarding attendance, or 34 CFR, §300.321(e)(2), regarding excusal, have been met.

(d) The school district must take steps to ensure that one or both parents are present at each ARD committee meeting or are afforded the opportunity to participate, including notifying the parents of the meeting early enough to ensure that they will have an opportunity to attend and scheduling the meeting at a mutually agreed upon time and place. Additionally, a school district must allow parents who cannot attend an ARD committee meeting in person to participate in the meeting through other methods such as through telephone calls or video conferencing. The school district must provide the parents with written notice of the ARD committee meeting that meets the requirements in 34 CFR, §300.322, at least 10 calendar [five school] days before the meeting unless the parents agree to a shorter timeframe.

(e) Within 10 school days of [Upon] receipt of a written request for an ARD committee meeting from a parent, the school district must:

(1) provide the parent notice of scheduling options for [schedule and convene] a meeting in accordance with the procedures in subsection (d) of this section; or

(2) [within five school days,] provide the parent with written notice explaining why the district refuses to convene a meeting.

(f) The school district must provide the parent with a written notice required under subsection (d) or (e)(2) of this section in the parent's primary [native] language, unless it is clearly not feasible to do so. If the parent's primary [native] language is not a written language, the school district must take steps to ensure that the notice is translated orally or by other means to the parent in his or her primary [native] language or other mode of communication so that the parent understands the content of the notice.

(g) Whenever a school district proposes or refuses to initiate or change the identification, evaluation, or educational placement of a student or the provision of a free appropriate public education to the student, the school district must provide prior written notice as required in 34 CFR, §300.503, including providing the notice in the parent's primary [native] language or other mode of communication. This notice must be provided to the parent at least 10 calendar [five school] days before the school district proposes or refuses the action unless the parent agrees to a shorter timeframe.

(h) When a new, proposed, or existing residential placement is discussed at a student's ARD committee meeting, the materials under TEC, §29.0056, must be provided to student's parent.

(i) When a school district is considering a change in the location of the provision of a student's special education and related services as documented in the student's IEP, the district must determine whether the change would substantially or materially alter the student's educational program. A proposed change in location must be commu-

nicated to the parent as soon as reasonably possible. When the proposed change would constitute a change in educational placement with any of the following being true, the school district must hold an ARD committee meeting and provide the parent prior written notice under 34 CFR, §300.503:

(1) the proposed change in location would revise the student's IEP;

(2) the proposed change in location would decrease the extent to which the student is educated with nondisabled peers, consistent with the least restrictive environment requirements in 34 CFR, §§300.114-300.116;

(3) the proposed change in location would alter the student's access to non-academic or extracurricular services or activities, as described in 34 CFR, §300.117; or

(4) the proposed change in location represents a different point on the continuum of alternative placements required under 34 CFR, §300.115.

(j) If the parent believes the factors in subsection (i) of this section apply to any proposed change in location, the parent may submit a written request for an ARD committee meeting and the district must respond in accordance with subsection (e) of this section.

§89.1055. Individualized Education Program.

(a) The individualized education program (IEP) developed by the admission, review, and dismissal (ARD) committee for each student with a disability must comply with the requirements of 34 Code of Federal Regulations (CFR), §300.320 and §300.324, and include all applicable information under Texas Education Code (TEC), §29.005₁, and this section.

(b) A student's IEP must be reviewed by the student's ARD committee at least annually, which means no later than 365 days after the date of the last annual review.

(c) A statement of the student's present levels of academic achievement and functional performance (PLAAFP) must:

(1) include how the student's disability affects the student's involvement and progress in the general education curriculum, or, for preschool children, how the disability affects the student's participation in appropriate activities;

(2) address all disability conditions and related services needs;

(3) identify what the student is expected to do in the general education curriculum in academic areas and baseline data that describes the student's current skills; and

(4) describe baseline data that describes the student's current skills or behaviors in functional areas.

(d) [(b)] To be considered a measurable annual goal under 34 CFR, §300.320(a)(2), a goal must include the components of a timeframe, condition, behavior, and criterion. The ARD committee must consider the unique needs of the student and the curriculum standards to determine where in the curriculum the student may encounter barriers due to the disability or disabilities. An annual goal must be developed in areas where a critical need is identified and must not simply be restatements of the student's enrolled grade level essential knowledge and skills as described by Chapters 110-117 and 120 of this title (relating to Texas Essential Knowledge and Skills for English Language Arts and Reading, Texas Essential Knowledge and Skills for Mathematics, Texas Essential Knowledge and Skills for Science, Texas Essential Knowledge and Skills for Social Studies, Texas Essential Knowledge

and Skills for Languages Other Than English, Texas Essential Knowledge and Skills for Health Education, Texas Essential Knowledge and Skills for Physical Education, Texas Essential Knowledge and Skills for Fine Arts, and Other Texas Essential Knowledge and Skills). While at least one measurable annual goal is required, the number of annual goals will be determined by the ARD committee after examination of the student's PLAAFP [present levels of academic achievement and functional performance] and areas of need.

(1) Annual goals are also required in the following circumstances:

(A) when the content of a subject/course is modified, whether the content is taught in a general or special education setting, in order to address how the content is modified; or [and]

(B) when a special education teacher or service provider is designated as the teacher of record or is the provider solely responsible for delivering academic or functional instruction or related services.

[(B) when a student is removed from the general education setting for a scheduled period of time but the content of the subject/course is not modified (e.g., a student who is progressing on enrolled grade level curriculum but requires a more restrictive environment for a period of time due to behavioral concerns).]

(2) Short-term objectives/benchmarks, used as intermediary steps or milestones toward accomplishing an annual goal, may be included in a measurable annual goal but cannot be used as the criterion to indicate mastery of the annual goal. An ARD committee may choose to use short-term objectives/benchmarks for any student but must use them if the ARD committee has determined that a student will not participate in the general state assessment. Guidelines for short-term[-Short-term] objectives/benchmarks are as follows:

(A) at least two short-term objectives/benchmarks must be included in an annual goal;

(B) each short-term objective/benchmark must include a timeframe, condition, behavior, and criterion; and

(C) each short-term objective/benchmark within an annual goal must have distinct time frames and differ in at least one additional component to ensure clarity and individualized progress monitoring.

[(A) must be included in an annual goal if the ARD committee has determined that a student will not participate in the general state assessment; and]

[(B) regardless of whether the objectives/benchmarks are related to a student not participating the general state assessment, cannot be used as the criterion to indicate mastery of the annual goal.]

(e) The ARD committee must document in the student's IEP the service delivery schedule that specifies the projected date for the beginning of the specially designed instruction and any related services that will be provided to the student, as well as the following for all specially designed instruction and related services:

(1) frequency, which is how often the specially designed instruction or related service will be provided within a designated time frame;

(2) duration, which is the length of each session, if applicable, or any determined or anticipated end date of instruction or service; and

(3) location/classroom setting, which is whether the specially designed instruction or related service will be provided in a general educational location/classroom/setting or a special education location/classroom/setting.

(f) The IEP must document on average how many minutes in the student's instructional day is spent in a location/classroom/setting outside of the general education location/classroom/setting. The IEP must also document the percentage of the student's instructional day, on average, that the student spends in a general education location/classroom/setting.

(g) In addition to regular progress monitoring of the implementation of a student's IEP and the student's measurable annual goals, the school district must have procedures in place on how it will document compliance with the provision of any student's specially designed instruction and related services, including supplementary aids and services, and how the district will attempt to make up any student's missed specially designed instruction or related services and contingencies for emergencies, staffing issues, or other unforeseen circumstances.

(h) [(e)] The IEP must include a statement of any individual appropriate and allowable accommodations in the administration of assessment instruments developed in accordance with TEC, §39.023(a)-(c), or districtwide assessments of student achievement (if the district administers such optional assessments) that are necessary to measure the academic achievement and functional performance of the student on the assessments.

(i)[(d)] If the ARD committee determines that the student will not participate in a general statewide or districtwide assessment of student achievement (or part of an assessment), the following requirements must be met.

(1) The IEP must include a statement explaining:

(A) why the student cannot participate in the general assessment; and

(B) why the particular alternate assessment selected is appropriate for the student. [, and]

(2) The Texas Education Agency's alternate assessment participation requirements form, if one is made available to school districts, must be completed and included in the student's IEP to document the statement required under this subsection.

(j) [(e)] If the ARD committee determines that the student is in need of extended school year (ESY) services, as described in §89.1065 of this title (relating to Extended School Year Services), then the IEP must identify [which of the goals and objectives in] the IEP services that will be addressed during ESY services.

(k) [(f)] For students with visual impairments, from birth through 21 years of age, the IEP or individualized family services plan must also meet the requirements of TEC, §30.002 [§30.002(e)].

(l) [(g)] For students with autism eligible under §89.1040(c)(1) of this title (relating to Eligibility Criteria), the strategies described in this subsection must be considered, at least annually based on peer-reviewed, research-based educational programming practices to the extent practicable and, when needed, addressed in the IEP:

(1) extended educational programming (for example: extended day and/or ESY [extended school year] services that consider the duration of programs/settings based on data collected related to behavior, social skills, communication, academics, and self-help skills);

(2) daily schedules reflecting minimal unstructured time and active engagement in learning activities (for example: lunch, snack, and recess periods that provide flexibility within routines; adapt

to individual skill levels; and assist with schedule changes, such as changes involving substitute teachers and pep rallies);

(3) in-home and community-based training or viable alternatives that assist the student with acquisition of social, behavioral, communication, and self-help skills (for example: strategies that facilitate maintenance and generalization of such skills from home to school, school to home, home to community, and school to community);

(4) positive behavior support strategies based on relevant information, for example:

(A) antecedent manipulation, replacement behaviors, reinforcement strategies, and data-based decisions; and

(B) a behavioral intervention plan developed from a functional behavioral assessment that uses current data related to target behaviors and addresses behavioral programming across home, school, and community-based settings and is implemented and reviewed in accordance with subsection (s) [(f)] of this section;

(5) beginning at any age, consistent with subsection (u) [(h)] of this section, futures planning for integrated learning and training, living, work, community, and educational environments that considers skills necessary to function in current and post-secondary environments, including self-determination and self-advocacy skills;

(6) parent/family training and support, provided by qualified personnel with experience in autism, that, for example:

(A) provides a family with skills necessary for a student to succeed in the home/community setting;

(B) includes information regarding resources (for example: parent support groups, workshops, videos, conferences, and materials designed to increase parent knowledge of specific teaching/management techniques related to the student's curriculum); and

(C) facilitates parental carryover of in-home training (for example: strategies for behavior management and developing structured home environments and/or communication training so that parents are active participants in promoting the continuity of interventions across all settings);

(7) suitable staff-to-student ratio appropriate to identified activities and as needed to achieve social/behavioral progress based on the student's developmental and learning level (acquisition, fluency, maintenance, generalization) that encourages work towards individual independence as determined by, for example:

(A) adaptive behavior evaluation results;

(B) behavioral accommodation needs across settings; and

(C) transitions within the school day;

(8) communication interventions, including language forms and functions that enhance effective communication across settings (for example: augmentative, incidental, and naturalistic teaching);

(9) social skills supports and strategies based on social skills assessment/curriculum and provided across settings (for example: [e.g.,] peer-based instruction and intervention, video modeling, social narratives, and role playing);

(10) professional educator/staff support (for example: training provided to personnel who work with the student to ensure [assure] the correct implementation of techniques and strategies described in the IEP); and

(11) teaching strategies based on peer-reviewed [peer reviewed], research-based practices for students with autism (for example: those associated with discrete-trial training, visual supports, applied behavior analysis, structured learning, augmentative communication, or social skills training).

(m) [(h)] If the ARD committee determines that services are not needed in one or more of the areas specified in subsection (l) [(g)] of this section, the IEP must include a statement to that effect and the basis upon which the determination was made.

(n) [(f)] For students identified with the specific learning disability of dyslexia [or a related disorder] eligible under §89.1040(c)(9) of this title [(relating to Eligibility Criteria)], the IEP must also be developed and implemented in accordance with law, this section, and the requirements under §74.28 of this title (relating to Students with Dyslexia and Related Disorders), including any handbook adopted under §74.28 of this title [in the rule]. This includes documentation of:

(1) the determination by the ARD committee that the student meets eligibility as a child with a disability due to the specific learning disability of dyslexia and the need for evidence-based dyslexia instruction, which is a special education service;

(2) the presence and involvement of the dyslexia member required by TEC, §29.0031, as noted by the signature in the IEP documenting the member's presence and involvement at the ARD committee meeting;

(3) decisions around appropriate reading instruction, which must include the program name and all components and delivery of dyslexia instruction as identified under §74.28 of this title, including any handbook adopted in the rule;

(4) how the district's evidence-based dyslexia instruction program addresses the required components of dyslexia instruction and whether the student's PLAAFP or other areas of the IEP show evidence that the program must be supplemented with a focus on one or more components;

(5) how the program addresses the required instructional delivery methods and whether the student's PLAAFP or other areas of the IEP show evidence that the program must be supplemented to meet the student's needs;

(6) the fidelity statements/requirements that are included with the program and how those will be delivered and/or intensified for the student;

(7) a fully trained provider of dyslexia instruction identified under §74.28 of this title being assigned to implement the program for the student;

(8) whether the IEP goal progress report will meet the requirements for the dyslexia progress report required under TEC, §29.0031(d), or whether a separate progress report will be communicated to a parent; and

(9) the student's parent being notified, either at the ARD committee meeting or by another method, of the Talking Book Program administered by the Texas State Library of Archives Commission and other available audio book services as required by TEC, §29.0031(e).

(o) If the ARD committee determines that one or more of the areas specified in subsection (n)(3)-(6) of this section are not applicable to the student, the IEP must include a statement to that effect and the basis upon which the determination was made.

(p) A district is prohibited from identifying a specific learning disability as one solely in basic reading or reading fluency as a means to circumvent the requirements for students identified with dyslexia. If

a specific learning disability in basic reading or reading fluency is not also identified as dyslexia, the IEP must document why and how the committee came to that conclusion.

(q) For students identified with the specific learning disability of dysgraphia eligible under §89.1040(c)(9) of this title, the IEP must also be developed and implemented in accordance with law, this section, and the requirements under §74.28 of this title, including any handbook adopted under §74.28 of this title. This includes documentation of:

(1) the determination by the ARD committee that the student meets eligibility as a child with a disability due to the specific learning disability of dysgraphia and the need for special education and related services; and

(2) decisions around appropriate writing instruction, including whether the student needs explicit, systematic instruction in handwriting; handwriting and spelling; or handwriting, spelling, and written expression.

(r) For students whose special education and related services also meet the criteria for medical and transportation services eligible for reimbursement under the School Health and Related Services (SHARS) Medicaid program, and the district is or expects to become an eligible provider, the student's IEP must document those services the district plans to submit for SHARS reimbursement determined to be both necessary for a free appropriate public education for purposes of compliance with the Individuals with Disabilities Education Act and medically necessary and reasonable for purposes of Medicaid reimbursement. Each student's IEP shall contain the necessary information to comply with the requirements set by the Texas Health and Human Services Commission to help ensure that submissions for reimbursement are accurate.

(s) [(j)] If the ARD committee determines that a behavior improvement plan or a behavioral intervention plan is appropriate for a student, that plan must be included as part of the student's IEP and provided to each teacher with responsibility for educating the student. If a behavior improvement plan or a behavioral intervention plan is included as part of a student's IEP, the ARD committee shall review the plan at least annually, and more frequently if appropriate, to address:

(1) changes in a student's circumstances that may impact the student's behavior, such as:

(A) the placement of the student in a different educational setting;

(B) an increase or persistence in disciplinary actions taken regarding the student for similar types of behavioral incidents;

(C) a pattern of unexcused absences; or

(D) an unauthorized, unsupervised departure from an educational setting; or

(2) the safety of the student or others.

(t) [(k)] Not later than the first IEP to be in effect when the student turns 14 years of age, the ARD committee must discuss [consider] and [; if appropriate,] address the following issues in the IEP:

(1) appropriate student involvement in the student's transition to life outside the public school system;

(2) appropriate involvement in the student's transition by the student's parents and other persons invited to participate by:

(A) the student's parents; or

(B) the school district in which the student is enrolled;

(3) appropriate postsecondary education options, including preparation for postsecondary-level coursework;

(4) whether a [an appropriate] functional vocational evaluation is appropriate;

(5) appropriate circumstances for facilitating a referral of a student or the student's parents to a governmental agency for services or public benefits, including a referral to a governmental agency to place the student on a waiting list for public benefits available to the student such as a waiver program established under the Social Security Act (42 U.S.C. Section 1396n(c)), §1915(c); and

(6) the use and availability of appropriate:

(A) supplementary aids, services, curricula, and other opportunities to assist the student in developing decision-making skills; and

(B) supports and services to foster the student's independence and self-determination, including a supported decision-making agreement under Texas Estates Code, Chapter 1357.

(u) [~~(t)~~] Beginning not later than the first IEP to be in effect when the student turns 14 years of age, or younger if determined appropriate by the ARD committee, the IEP must include:

(1) appropriate measurable postsecondary goals based upon age-appropriate transition assessments related to training, education, employment, and, where appropriate, independent living skills; and

(2) the transition services, including courses of study, needed to assist the student in reaching the postsecondary goals.

(v) [~~(m)~~] The goals included in a student's IEP to comply with subsection (u) [~~(t)~~] of this section are intended to comply with the requirements in TEC, §29.011(a)(6) and (8).

(w) [~~(n)~~] Beginning not later than the first IEP to be in effect when the student turns 18 years of age (see §89.1049 of this title (relating to Parental Rights Regarding Adult Students) for notice requirement of transfer of rights), the ARD committee must discuss [~~consider~~] and [~~, if appropriate,~~] address the following issues in the student's IEP:

(1) appropriate involvement in the student's transition and future by the student's parents and other persons, if the parent or other person:

(A) is invited to participate by the student or the school district in which the student is enrolled; or

(B) has the student's consent to participate pursuant to a supported decision-making agreement under Texas Estates Code, Chapter 1357; and

(2) the availability of age-appropriate instructional environments, including community settings or environments that prepare the student for postsecondary education or training, competitive integrated employment, or independent living, in coordination with the student's transition goals and objectives.

(x) [~~(o)~~] A student's ARD committee shall review at least annually the issues described in subsections (t), (u), and (w) [~~(k)~~; ~~(l)~~; and ~~(n)~~] of this section and, if necessary, update the portions of the student's IEP that address those issues.

(y) [~~(p)~~] All members of the ARD committee must have the opportunity to participate in a collaborative manner in developing the IEP. The school district must take all reasonable actions necessary to ensure that the parent understands the proceedings of the ARD committee meeting, including arranging for an interpreter for parents who

are deaf or hard of hearing or whose primary [native] language is a language other than English. A decision of the ARD committee concerning required elements of the IEP must be made by mutual agreement if possible. The ARD committee may agree to an annual IEP or an IEP of shorter duration.

(1) When mutual agreement about all required elements of the IEP is not achieved, the parent who disagrees must be offered a single opportunity to recess and reconvene the ARD committee meeting. The period of time for reconvening the ARD committee meeting must not exceed ten school days, unless the parties mutually agree otherwise. The ARD committee must schedule the reconvened meeting at a mutually agreed upon time and place. The opportunity to recess and reconvene is not required when the student's presence on the campus presents a danger of physical harm to the student or others or when the student has committed an expellable offense or an offense that may lead to a placement in a disciplinary alternative education program. The requirements of this subsection do not prohibit the ARD committee from recessing an ARD committee meeting for reasons other than the failure to reach mutual agreement about all required elements of an IEP.

(2) During the recess, the ARD committee members must consider alternatives, gather additional data, prepare further documentation, and/or obtain additional resource persons who may assist in enabling the ARD committee to reach mutual agreement.

(3) If a recess is implemented as provided in paragraph (1) of this subsection and the ARD committee still cannot reach mutual agreement, the school district must implement the IEP that it has determined to be appropriate for the student.

(4) Each member of the ARD committee who disagrees with the IEP developed by the ARD committee is entitled to include a statement of disagreement in the IEP.

(z) [~~(q)~~] The written statement of the IEP must document the decisions of the ARD committee with respect to issues discussed at each ARD committee meeting. The written statement must also include:

(1) the date of the meeting;

(2) the name, position, and signature of each member participating in the meeting; and

(3) an indication of whether the child's parents, the adult student, if applicable, and the representative of the school district as identified in §89.1050(c)(1)(D) of this title (relating to The Admission, Review, and Dismissal Committee) [~~administrator~~] agreed or disagreed with the decisions of the ARD committee.

(aa) [~~(r)~~] If the student's parent is unable to speak English and the parent's primary [native] language is Spanish, the school district must provide a written copy or audio recording of the student's IEP translated into Spanish. If the student's parent is unable to speak English and the parent's primary [native] language is a language other than Spanish, the school district must make a good faith effort to provide a written copy or audio recording of the student's IEP translated into the parent's primary [native] language.

(1) For purposes of this subsection, a written copy of the student's IEP translated into Spanish or the parent's primary [native] language means that all of the text in the student's IEP in English is accurately translated into the target language in written form. The IEP translated into the target language must be a comparable rendition of the IEP in English and not a partial translation or summary of the IEP in English.

(2) For purposes of this subsection, an audio recording of the student's IEP translated into Spanish or the parent's primary [native]

language means that all of the content in the student's IEP in English is orally translated into the target language and recorded with an audio device. A school district is not prohibited from providing the parent with an audio recording of an ARD committee meeting at which the parent was assisted by an interpreter as long as the audio recording provided to the parent contains an oral translation into the target language of all of the content in the student's IEP in English.

(3) If a parent's primary [native] language is not a written language, the school district must take steps to ensure that the student's IEP is translated orally or by other means to the parent in his or her primary [native] language or other mode of communication.

(bb) [(4)] A [Under 34 CFR, §300.322(f), a] school district must give a parent a written copy of the student's finalized IEP at no cost to the parent as soon as possible, but no later than within 10 school days after the date on which it is finalized. If [A school district meets this requirement by providing a parent with a written copy of the student's IEP in English or by providing a parent with] a written translation of the student's IEP in the parent's primary [native] language in accordance with subsection (aa)(1) of this section will exceed 10 school days, the district must inform the parent and provide it to the parent as soon as the written translation is available. The district must document internally the date on which the IEP was provided to the parent and how it was provided (e.g., web portal, email, mail) [paragraph (4) of this subsection].

(cc) [(5)] A school district must comply with the following for a student who is new to the school district.

(1) When a student transfers to a new school district within the state in the same school year and the parents or previous school district verifies that the student had an IEP that was in effect in the previous district, the new school district must meet the requirements of 34 CFR, §300.323(e), by either adopting the student's IEP from the previous school district or developing, adopting, and implementing a new IEP. The timeline for adopting the previous IEP or developing, adopting, and implementing a new IEP is 20 school days from the date the student is verified as being a student eligible for special education services.

(2) When a student transfers from a school district in another state in the same school year and the parents or previous school district verifies that the student had an IEP that was in effect in the previous district, the new school district must, if determined necessary, conduct a full individual and initial evaluation and make an eligibility determination and, if appropriate, develop, adopt, and implement a new IEP, within the timelines established in §89.1011 of this title (relating to Full and Individual Initial Evaluation). If the school district determines that an evaluation is not necessary, the timeline for the new district to develop, adopt, and implement a new IEP is 20 school days from the date the student is verified as being a student eligible for special education services.

(3) Students who register in a new school district in the state during the summer when students are not in attendance for instructional purposes, the provisions of paragraphs (1) and (2) of this subsection apply based on whether the students are coming from an in-state or out-of-state school district. All other provisions in this subsection apply to these students.

(4) If a student is absent from school on three or more days between the date the student is verified as being a student eligible for special education services and 20 school days, that period described by paragraphs (1) and (2) of this subsection may be extended by the number of school days equal to the number of school days during that period on which the student was absent.

(5) [(4)] In accordance with 34 CFR, §300.323(g), the new school district must take reasonable steps to promptly obtain the student's records from the previous school district, and, in accordance with TEC, §25.002, and 34 CFR, §300.323(g), the previous school district must furnish the new school district with a copy of the student's records, including the student's special education records, not later than the 10th working day after the date a request for the information is received by the previous school district.

(6) [(5)] If a parent hasn't already provided verification of eligibility and the new school district has been unable to obtain the necessary verification records from the previous district by the 15th working day after the date a request for the records was submitted by the new district to the previous district, the new school district must seek verification from the student's parent. If the parent provides verification, the new school district must comply with all paragraphs of this subsection. The new school district is encouraged to ask the parent to provide verification of eligibility before the 15th working day after the date a request for the records was submitted by the new district to the previous district. If the parent is unwilling or unable to provide such verification, the new district must continue to take reasonable steps to obtain the student's records from the previous district and provide any services comparable to what the student received at the previous district if they communicate those to the new district.

(7) [(6)] For the purposes of this subsection, "verify" means that the new school district has received a copy of the student's IEP that was in effect in the previous district. The first school day after the new district receives a copy of the student's IEP that was in effect in the previous district begins the timelines associated with paragraphs (1) and (2) of this subsection.

(8) [(7)] While the new school district waits for verification, the new school district must take reasonable steps to provide, in consultation with the student's parents, services comparable to those the student received from the previous district if the new school district has been informed by the previous school district of the student's special education and related services and placement.

(9) [(8)] Once the new school district receives verification that the student had an IEP in effect at the previous district, comparable services must be provided to a student during the timelines established under paragraphs (1) and (2) of this subsection. Comparable services include provision of ESY services if those services are identified in the previous IEP or if the new district has reason to believe that the student would be eligible for ESY services.

§89.1096. Provision of Services for Parentally Placed Private School Children with Disabilities [Students Placed by their Parents in Private Schools or Facilities].

(a) In [Except as specifically provided in this section, in] accordance with 34 Code of Federal Regulations (CFR), §300.137, no eligible student who has been placed by his or her parent(s) in a private school or facility has an individual right to receive some or all of the special education and related services that the student would receive if he or she were enrolled in a public school. A [district. Except as specifically set forth in this section, a] school district's obligations with respect to students placed by their parents in private schools are governed by 34 CFR, §§300.130-300.144.

(1) For purposes of this section [subsections (a) and (d) of this section only], private school is defined as a private elementary or secondary school, including any pre-school, religious school, and institutional day or residential school, that:

(A) as required by 34 CFR, §300.13 and §300.130, is a nonprofit entity that meets the definition of nonprofit in 34 CFR, §77.1; and

(B) as determined by the public school evaluating the child for eligibility as a child with a disability under the Individuals with Disabilities Education Act (IDEA) based on documentation obtained by the public school, parent, or private school, provides elementary or secondary education that incorporates an adopted curriculum designed to meet basic educational goals, including scope and sequence of courses, and formal review and documentation of student progress.

(2) A home school must meet the requirements of paragraph (1)(B) of this subsection, but not paragraph (1)(A) of this subsection, to be considered a private school for purposes of subsections (a) and (d) of this section.

(b) When a student has been determined to be a child with a disability under IDEA but [who] has been placed by his or her parents directly in a private school or facility, [is referred to the local school district, the local district shall convene] an admission, review, and dismissal (ARD) committee meeting of the district of the child's residence will [to] determine whether the district can offer the student a free appropriate public education (FAPE). If the district determines that it can offer a FAPE to the student or if the parent declares that FAPE is not at issue when requesting an evaluation, the district is not responsible for providing educational services to the student, except as provided in 34 CFR, §§300.130-300.144, and [or] subsection (c) [(e)] of this section, until such time as the parents choose to enroll the student in public school full time.

[(e) Parents of an eligible student ages 3 or 4 shall have the right to "dual enroll" their student in both the public school and the private school beginning on the student's third birthday and continuing until the end of the school year in which the student turns five or until the student is eligible to attend a district's public school kindergarten program, whichever comes first, subject to paragraphs (1)-(3) of this subsection. The public school district where a student resides is responsible for providing special education and related services to a student whose parents choose dual enrollment.]

[(1) The student's ARD committee shall develop an individualized education program (IEP) designed to provide the student with a FAPE in the least restrictive environment appropriate for the student.]

[(2) From the IEP, the parent and the district shall determine which special education and/or related services will be provided to the student and the location where those services will be provided, based on the requirements concerning placement in the least restrictive environment set forth in 34 CFR, §§300.114-300.120, and the policies and procedures of the district.]

[(3) For students served under the provisions of this subsection, the school district shall be responsible for the employment and supervision of the personnel providing the service, providing the needed instructional materials, and maintaining pupil accounting records. Materials and services provided shall be consistent with those provided for students enrolled only in the public school and shall remain the property of the school district.]

(c) [(d)] Parents of a parentally placed private school child with a disability [an eligible student ages 3 or 4 who decline dual enrollment for their student] may request an individualized [a] services plan (ISP) as described in 34 CFR, §§300.130-300.144. The public school district where the private school is located is responsible for the development and implementation of an ISP [a services plan,] if the student is designated to receive services under 34 CFR, §300.132.

(d) The individualized education program (IEP) for purposes of Texas Education Code (TEC), §29.3615, when the child is not en-

rolled in public school must, at minimum, include the following components:

(1) a statement of the special education and related services and service delivery schedule that includes frequency, duration, and location, as well as the supplementary aids and services that would be provided to the child to enable the child to be involved in and progress in the child's enrolled grade level curriculum and to be educated and participate with children without disabilities to the maximum extent appropriate for the child's needs;

(2) an explanation of the extent, if any, to which the child would not participate with children without disabilities in a general education classroom;

(3) a statement of any individual appropriate accommodations or modifications that would be necessary for the child to make progress in the child's enrolled grade level curriculum; and

(4) the instructional arrangement or tiered funding level that is used to calculate the state special education funding allotment as determined by the decisions in paragraphs (1)-(3) of this subsection.

(e) At the ARD committee meeting at which eligibility is determined for a child who is not enrolled in public school, the ARD committee must develop the IEP described by subsection (d) or (f) of this section if the child's parent has requested one because the parent is interested in applying for the education savings account program under TEC, Chapter 29, Subchapter J.

(f) An IEP written in compliance with TEC, §29.005, and 34 CFR, §300.320, may also be used for purposes of eligibility under TEC, §29.3615.

(g) A child who is not enrolled in public school at the time of application to the education savings account program described by TEC, Chapter 29, Subchapter J, but who previously attended public school within the last three school years and had an IEP in effect during the current school year or in at least one of the previous two school years will be reported as eligible under TEC, §29.3615, if an instructional arrangement or tiered funding level was reported through the Public Education Information Management System by the public school where the child was previously enrolled in at least one of those school years. When there are different instructional arrangements or tiered funding levels reported for one or more of the three school years, the instructional arrangement or tiered funding level that was most recently reported will be reported as eligible under TEC, §29.3615.

(h) A child who had an IEP in effect in one or both of the previous school years at the time of application to the education savings account program described by TEC, Chapter 29, Subchapter J, but who is currently still enrolled in public school without an IEP in effect will not be reported as eligible under TEC, §29.3615.

(i) The IEP developed solely for purposes of TEC, §29.3615, under subsection (d) of this section is not subject to appeal.

(j) If a parent does not agree with the ARD committee's determination of eligibility for special education and related services, the parent may use the dispute resolution processes available under IDEA, Part B, 34 CFR, §300.1. et. seq., as applicable.

[(e) The school district shall provide special transportation with federal funds only when the ARD committee determines that the condition of the student warrants the service in order for the student to receive the special education and related services (if any) set forth in the IEP.]

[(f) Complaints regarding the implementation of the components of the student's IEP that have been selected by the parent and

the district under subsection (c) of this section may be filed with the Texas Education Agency under the procedures in 34 CFR, §§300.151-300.153. Additionally, parents may request mediation as outlined in 34 CFR, §300.506. The procedures in 34 CFR, §§300.300, 300.504, 300.507, 300.508, and 300.510-300.518 (relating to due process hearings) do not apply to complaints regarding the implementation of the components of the student's IEP that have been selected by the parent and the district under subsection (c).]

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601417

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 475-1497



CHAPTER 103. HEALTH AND SAFETY SUBCHAPTER CC. COMMISSIONERS RULES CONCERNING SAFE SCHOOLS

19 TAC §103.1209

The Texas Education Agency (TEA) proposes an amendment to §103.1209, concerning mandatory school drills. The proposed amendment would implement Senate Bill (SB) 57, 89th Texas Legislature, Regular Session, 2025, by establishing requirements to ensure school systems provide equal access to safety during emergency incidents, required drills, and district-approved exercises for students and district personnel with access and functional needs.

BACKGROUND INFORMATION AND JUSTIFICATION: Section 103.1209 requires that school districts and open-enrollment charter schools conduct emergency drills in accordance with Texas Education Code (TEC), §37.114.

SB 57, 89th Texas Legislature, Regular Session, 2025, amended TEC, §37.1086, to require the commissioner to establish rules related to accommodations for students with an individualized education program or a plan created under the Rehabilitation Act of 1973 (29 U.S.C. Section 794), Section 504, during a mandatory school drill required under TEC, §37.114. The proposed amendment would make the following changes to implement SB 57.

In subsection (b), definitions would be added to align with requirements ensuring equal access to safety for students and staff with disabilities during required drills and emergency events.

New subsection (d) would be added to ensure students with access and functional needs participate in required drills, and it would provide guidance and considerations for ensuring equal access to safety.

FISCAL IMPACT: James Finley, deputy chief of school safety and security, has determined that for the first five-year period the proposal is in effect, there are no additional costs to state or local government, including school districts and open-enrollment charter schools, required to comply with the proposal.

LOCAL EMPLOYMENT IMPACT: The proposal has no effect on local economy; therefore, no local employment impact statement is required under Texas Government Code, §2001.022.

SMALL BUSINESS, MICROBUSINESS, AND RURAL COMMUNITY IMPACT: The proposal has no direct adverse economic impact for small businesses, microbusinesses, or rural communities; therefore, no regulatory flexibility analysis, specified in Texas Government Code, §2006.002, is required.

COST INCREASE TO REGULATED PERSONS: The proposal does not impose a cost on regulated persons, another state agency, a special district, or a local government and, therefore, is not subject to Texas Government Code, §2001.0045.

TAKINGS IMPACT ASSESSMENT: The proposal does not impose a burden on private real property and, therefore, does not constitute a taking under Texas Government Code, §2007.043.

GOVERNMENT GROWTH IMPACT: TEA staff prepared a Government Growth Impact Statement assessment for this proposed rulemaking. During the first five years the proposed rulemaking would be in effect, it would expand an existing regulation by adding requirements to ensure equal access to safety for students and staff with disabilities during required drills and emergency events.

The proposed rulemaking would not create or eliminate a government program; would not require the creation of new employee positions or elimination of existing employee positions; would not require an increase or decrease in future legislative appropriations to the agency; would not require an increase or decrease in fees paid to the agency; would not create a new regulation; would not limit or repeal an existing regulation; would not increase or decrease the number of individuals subject to its applicability; and would not positively or adversely affect the state's economy.

PUBLIC BENEFIT AND COST TO PERSONS: Mr. Finley has determined that for each year of the first five years the proposal is in effect, the public benefit anticipated as a result of enforcing the proposal would be to ensure equal access to safety for students and staff with disabilities during required drills and emergency events. There is no anticipated economic cost to persons who are required to comply with the proposal.

DATA AND REPORTING IMPACT: The proposal would have no data and reporting impact.

PRINCIPAL AND CLASSROOM TEACHER PAPERWORK REQUIREMENTS: TEA has determined that the proposal would not require a written report or other paperwork to be completed by a principal or classroom teacher.

PUBLIC COMMENTS: TEA requests public comments on the proposal, including, per Texas Government Code, §2001.024(a)(8), information related to the cost, benefit, or effect of the proposed rule and any applicable data, research, or analysis, from any person required to comply with the proposed rule or any other interested person. The public comment period on the proposal begins April 10, 2026, and ends May 11, 2026. A request for a public hearing on the proposal submitted under the Administrative Procedure Act must be received by the commissioner of education not more than 14 calendar days after notice of the proposal has been published in the *Texas Register* on April 10, 2026. A form for submitting public comments is available on the TEA website at https://tea.texas.gov/About_TEA/Laws_and_Rules/Com-

missioner_Rules_(TAC)/Proposed_Commissioner_of_Education_Rules/.

STATUTORY AUTHORITY. The amendment is proposed under Texas Education Code (TEC), §37.114, which requires the commissioner of education to provide best practices for conducting emergency drills and exercises and to designate the number and type of mandatory school drills to be conducted each semester of the school year; and TEC, §37.1086, as amended by Senate Bill 57, 89th Texas Legislature, Regular Session, 2025, which requires the Texas Education Agency to develop by rule recommendations and guidelines regarding accommodations for a student with an individualized education program or a plan created under the Rehabilitation Act of 1973 (29 U.S.C. Section 794), Section 504, during a mandatory school drill.

CROSS REFERENCE TO STATUTE. The amendment implements Texas Education Code, §37.114; and §37.1086, as amended by Senate Bill 57, 89th Texas Legislature, Regular Session, 2025.

§103.1209. *Mandatory School Drills.*

(a) Requirement. Each school system [~~district and open-enrollment charter school~~] shall conduct emergency safety drills in accordance with Texas Education Code (TEC), §37.114. Drills do not include persons role playing as active aggressors or other simulated threats.

(b) Definitions and related terms. The following words and terms related to drills and exercises, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise. These definitions do not apply to an active threat exercise, which is defined in TEC, §37.1141, and associated rules, if any.

(1) General terms.

(A) Active aggressor--An individual actively engaged in killing or attempting to kill people in a confined and populated area.

(B) Drill--A set of procedures that test a single, specific operation or function. Drills do not include persons role playing as active aggressors or other simulated threats. Drill examples include evacuating for a fire or locking down from an internal threat.

(C) Exercise--An instrument to train for, assess, practice, and improve performance in mitigation, prevention, preparedness, response, and recovery in a risk-free environment. While drills and exercises may overlap in some aspects, discussion-based and operation-based exercises are often more in depth and multi-faceted.

(D) Individuals with access and functional needs--Persons who may have temporary or permanent additional needs in functional areas, including, but not limited to, maintaining independence, communication, transportation, supervision, and medical care, as well as students with an individualized education program (IEP) created under the Individuals with Disabilities Act (20 U.S.C. Section 1400, et seq.) or a plan created under the Rehabilitation Act of 1973 (29 U.S.C. Section 794), Section 504.

(E) School system--This term includes traditional independent or consolidated public school districts and open-enrollment charter schools.

(2) Terms defining the level of exercise.

(A) Full-scale exercise--Typically the most complex and resource-intensive type of exercise. It involves multiple agencies, organizations, and jurisdictions and validates many facets of preparedness. This exercise often includes many players operating under cooperative systems such as the Incident Command System (ICS) or

Unified Command. Resources and staff are mobilized as needed. All actions are taken as if the emergency is real. A full-scale exercise is the most time-consuming activity in the exercise continuum and is a multiagency, multijurisdictional effort in which all resources are deployed. A full-scale exercise tests collaborations among the agencies and participants, public information systems, communication systems, and equipment. An Emergency Operations Center is established by either law enforcement or fire services, and the ICS is activated. Because of all the logistics and resources needed for a full-scale exercise, it often takes a year to plan and is not held often. Usually, a school system [~~school district or an open-enrollment charter school~~] is not the organizer of such an exercise, but it [~~the district or charter school~~] would play a critical role in both function and potential facility use.

(B) Functional exercise--Designed to validate and evaluate capabilities, multiple functions and/or sub-functions, or interdependent groups of functions. A functional exercise is typically focused on exercising plans, policies, procedures, and staff members involved in management, direction, command, and control functions. It allows participants to practice their specific roles or functions in an emergency. This type of exercise is conducted in a realistic, real-time simulated environment and often includes simulators (individuals who assist with the facilitation of the exercise) and follows a master scenario events list that dictates additional information, occurrences, or activities that affect the exercise scenario.

(C) Seminar exercise--A discussion-based exercise designed to orient participants to new or updated plans, policies, or procedures through informal discussions. Seminar exercises are often used to impart new information and formulate new ideas.

(D) Tabletop exercise--A small group discussion that walks through a scenario and the courses of action a school will need to take before, during, and after an emergency to lessen the impact on the school community. Participants problem-solve together through a detailed discussion of roles, responsibilities, and anticipated courses of action. A tabletop exercise leverages a defined scenario to direct discussion and may need an experienced facilitator depending on the complexity and objectives of the exercise.

(E) Workshop exercise--A type of discussion-based exercise focused on increased participant interaction and achieving or building a product (e.g., plans or policies). A workshop exercise is typically used to test new ideas, processes, or procedures; train groups in coordinated activities; and obtain consensus. A workshop exercise often uses breakout sessions to explore parts of an issue with smaller groups.

(3) Terms defining the type of drill.

(A) Evacuation drill--A response action school systems [~~schools~~] take to quickly move students and staff from one place to another. The primary objective of an evacuation is to ensure that all staff, students, and visitors can quickly move away from the threat. Evacuation examples include a bomb threat or internal gas leak.

(B) Fire [~~evacuation~~] drill--A method of practicing how a building would be vacated in the event of a fire. The purpose of fire drills in buildings is to ensure that everyone knows how to exit safely as quickly as possible.

(C) Lockdown drill--A response action school systems [~~schools~~] take to secure (close, latch, and lock) interior portions of school buildings and grounds during incidents that pose an immediate threat of violence inside the school. The primary objective is to quickly ensure all [~~school~~] students, staff, and visitors are secured away from immediate danger.

(D) Secure drill--A response action school systems [schools] take to secure (close, latch, and lock) the perimeter of school buildings and grounds during incidents that pose a threat or hazard outside of the school building. This type of drill uses the security of the physical facility to act as protection to deny entry.

(E) Shelter [Shelter-in-place] for hazardous materials (hazmat) drill--A response action school systems [schools] take to quickly move students, staff, and visitors indoors, perhaps for an extended period of time, because it is safer inside the building than outside. Affected individuals may be required to move to rooms without windows or to rooms that can be sealed. Examples of a shelter-in-place for hazmat drill include train derailment with chemical release or smoke from a nearby fire.

(F) Shelter for severe weather drill--A response action school systems [schools] take to quickly move students, staff, and visitors indoors, perhaps for an extended period of time, because it is safer inside the building than outside. For severe weather, depending on the type and/or threat level (watch versus warning), affected individuals may be required to move to rooms without windows on the lowest floor possible or to a weather shelter.

(c) Frequency. TEC, §37.114(2), requires the commissioner of education to designate the number of mandatory school drills to be conducted each semester of the school year, not to exceed eight drills each semester and sixteen drills for the entire school year. Neither this rule, nor the law, precludes a school system [district or an open-enrollment charter school] from conducting more drills as deemed necessary and appropriate [by the district or charter school]. Following is the required minimum frequency of drills by type.

- (1) Secure drill--One per school year.
- (2) Lockdown drill--Two per school year (once per semester).
- (3) Evacuation drill--One per school year.
- (4) Shelter [Shelter-in-place] drill (for either severe weather or hazmat) --One per school year.
- (5) Fire [evacuation] drill--School systems [districts and open-enrollment charter schools] should consult with the local authority having jurisdiction (e.g., fire marshal) and comply with its requirements and recommendations. If a school system [district] does not have a local authority or has not adopted a fire code, it shall conduct four drills per school year (two per semester).

(d) Equal access. In accordance with TEC, §37.108 and §37.1086, school systems must provide equal access to safety during emergency incidents, required drills, and district-approved exercises for students and district personnel with access and functional needs. Students with access and functional needs must participate in required drills.

- (1) School systems must designate a person to ensure each campus has reviewed all IEPs and Section 504 plans to identify students who require accommodations to have access to safety and security during drills and emergency situations.
- (2) School systems must acknowledge that all IEP or Section 504 plans for students in the school system who require accommodations to access safety and security during drills and emergency situations are considered when drafting their multihazard emergency operations plan (EOP). Accommodations to ensure access to safety and security must be documented locally and shared with appropriate campus-level personnel and the school system's Safety and Security Committee.

(3) EOP updates must avoid using personal identifying information, in accordance with the Family Educational Rights and Privacy Act.

(4) Ensuring equal access to safety during emergency incidents, required drills, and approved exercises shall include:

(A) incorporating recommendations from the Texas Education Agency's (TEA's) Guidelines for Multihazard Emergency Operations, as posted on the TEA website;

(B) informing and training staff about emergency response protocols and encouraging educators to discuss emergency procedures with parents (or those standing in parental relation) as part of IEP meetings and/or other reviews;

(C) identifying pre-evacuation sites that are accessible to students and staff with disabilities;

(D) developing a schedule of daily activities and classes that identify where students and staff with access needs are located during each period of the day;

(E) planning a primary and secondary evacuation route from each location students and staff members are during the day; and

(F) classroom storage of disability-related supplies, assistive equipment, and tools needed during emergency incidents, required drills, or district-approved exercises (e.g., a go kit).

(5) Only staff members can assume the responsibility of assisting students during drills and emergency situations.

(6) School systems must additionally consider the following:

(A) the classroom location and placement of students with disabilities. School systems should evaluate the accessibility of nearby exits, proximity to the school nurse, and classroom placement in multi-story buildings;

(B) the benefit of incorporating both audible and visual elements in alarm systems for fire, public address systems, severe weather notifications, and lockdown alerts;

(C) the availability of medicines or medical devices during drills and emergency situations. School systems should make alternative arrangements to meet these needs if medicines or medical devices may be unavailable; and

(D) using lessons learned from required drills to identify gaps and update existing multihazard EOPs.

(e) [(4)] Best practices for conducting drills and exercises. This subsection highlights best practices for conducting drills and exercises. For more information about best practices, refer to Texas School Safety Center guidance.

(1) Drills and exercises should be designed and conducted in accordance with guidance and best practice resources provided by the Texas School Safety Center.

(2) Drill and exercise design should include purpose, goals, and objectives that are stated in plans for each type of drill. Purpose, goals, and objectives should be developed with input from all sectors of the school community. Input in planning should be sought from multiple stakeholder perspectives for each type of drill and exercise, including from:

(A) the [district or charter] school system's School Safety and Security Committee;

(B) first responders;

- (C) mental and behavioral health professionals;
- (D) students and families; and
- (E) staff, including non-traditional teachers, coaches, trade instructors, custodians, and food service workers.

(3) Drill and exercise design elements should include:

- (A) physical and psychological safety for all participants;
- (B) planning in a trauma-informed manner to maximize learning and to minimize potential trauma for students and staff;
- (C) providing advance notification of drills and exercises;
- (D) planning for post-drill or after-action reviews of each drill and exercise; and
- (E) ensuring drills and exercises are age and developmentally appropriate with the understanding that more complex drills and exercises will require a hierarchy of learning to achieve or obtain more advanced goals or objectives.

(4) Exercises are more complex than drills. It is recommended that school systems start with discussion-based exercises and work up to operation-based exercises. Discussion-based exercises include seminar exercises, tabletop exercises, and workshop exercises. Operation-based exercises include functional exercises and full-scale exercises. Exercises can be used for:

- (A) testing and validating policies, plans, procedures, training, equipment, and interagency agreements;
- (B) clarifying and training personnel in roles and responsibilities;
- (C) improving interagency coordination and communications;
- (D) identifying gaps in resources;
- (E) improving individual performance; and
- (F) identifying opportunities for improvement.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601419

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 475-1497



TITLE 34. PUBLIC FINANCE

PART 1. COMPTROLLER OF PUBLIC ACCOUNTS

CHAPTER 9. PROPERTY TAX ADMINISTRATION

SUBCHAPTER M. LOCAL GOVERNMENT RELIEF FOR DISABLED VETERANS EXEMPTION

34 TAC §9.4321, §9.4323

The Comptroller of Public Accounts proposes amendments to §9.4321, concerning definitions and §9.4323, concerning application.

The amendments to §9.4321 update existing definitions for "local government" and "qualified local government."

The amendments to §9.4323 update the mapping requirement in subsection (b)(1), update the name of the report in subsection (b)(2)(B) and add a requirement for an applicant to provide the most recent decennial census data in subsection (b)(6).

The legislation enacted within the last four years that provides the statutory authority for these sections is House Bill 2894, 89th Legislature, R.S., 2025.

Brad Reynolds, Chief Revenue Estimator, has determined that during the first five years that the proposed amendments are in effect, the amended rules: will not create or eliminate a government program; will not require the creation or elimination of employee positions; will not require an increase or decrease in future legislative appropriations to the agency; will not require an increase or decrease in fees paid to the agency; will not increase or decrease the number of individuals subject to the rules' applicability; and will not positively or adversely affect this state's economy. This proposal amends existing rules.

Mr. Reynolds also has determined that the proposed amended rules would have no fiscal impact on the state government, on units of local government, or individuals. The proposed amendments would benefit the public by improving the clarity and implementation of the sections. There would be no anticipated economic cost to the public. The proposed amendments would have no fiscal impact on small businesses or rural communities.

You may submit comments on the proposal or information related to the cost, benefit, or effect of the proposal, including any applicable data, research or analysis, to Shannon Murphy, Director, Property Tax Assistance Division, P.O. Box 13528, Austin, Texas 78711 or to the email address: ptad.rulecomments@cpa.texas.gov. The comptroller must receive your comments or other information no later than 30 days from the date of publication of the proposal in the *Texas Register*.

These amendments are proposed under Local Government Code, §140.011(i), which requires the comptroller to adopt rules necessary to implement Local Government Code §140.011 (Local Governments Disproportionately Affected by Property Tax Relief for Disabled Veterans).

These amendments implement Local Government Code, §140.011 (Local Governments Disproportionately Affected by Property Tax Relief for Disabled Veterans).

§9.4321. Definitions.

The following phrases, words, and terms, when used in this subchapter shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Account--The account created by Local Government Code, §140.011(h) from which disabled veteran assistance payments are made.

(2) ~~Adjacent--Having a common endpoint or border. The fact that a road separates a city and a United States military installation does not prevent a city and military installation from being considered adjacent.~~

(3) ~~Applicant--A local government that has applied for a payment.~~

(4) ~~Comptroller--The Comptroller of Public Accounts for the State of Texas.~~

(5) ~~Exemption amount--The total appraised value of all property located in the local government that is granted an exemption from taxation under Tax Code, §11.131 for the tax year in which the fiscal year begins and for which the applicant is requesting payment.~~

(6) ~~Fiscal year--The fiscal year of the applicant unless otherwise indicated.~~

(7) ~~General fund revenue--Revenue generated by a local government from the following sources during a fiscal year and deposited in the dedicated general operating fund of the local government during that fiscal year:~~

~~(A) ad valorem taxes;~~

~~(B) sales and use taxes;~~

~~(C) franchise taxes, fees, or assessments charged for use of the local government's right-of-way;~~

~~(D) building and development fees, including permit and inspection fees;~~

~~(E) court fines and fees;~~

~~(F) other fees, assessments, and charges; and~~

~~(G) interest earned by the local government.~~

(8) ~~Independent audit--An audit required by law to be prepared for the applicant for the fiscal year for which the applicant is requesting payment which verifies amounts of general fund revenue by source.~~

(9) ~~Local government--~~

~~(A) a municipality [~~adjacent to a United States military installation~~]; or~~

~~(B) a county [~~in which a United States military installation is wholly or partly located~~].~~

(10) ~~Lost ad valorem tax revenue or lost property tax revenue--For a fiscal year for which the applicant is requesting payment, the product of the property tax rate adopted by the applicant for the tax year in which that fiscal year begins and the exemption amount.~~

(11) ~~Payment--A disabled veteran assistance payment paid to a qualified local government from the account in an amount calculated by subtracting 1.0% of the local government's general fund revenue for a fiscal year from the local government's lost property tax revenue for that fiscal year.~~

(12) ~~Qualified local government--A local government entitled to a disabled veteran assistance payment under Local Government Code, §140.011. A local government is a qualified local government for a fiscal year if the amount of lost property tax revenue is equal to or greater than: [~~2.0% of the applicant's general fund revenue for that fiscal year~~].~~

~~(A) 2.0% of the applicant's general fund revenue for that fiscal year if the local government is:~~

~~(i) a municipality adjacent to a United States military installation; or~~

~~(ii) a county in which a United States military installation is wholly or partly located.~~

~~(B) 10% of the local government's general fund revenue for that fiscal year if the local government is:~~

~~(i) a municipality in a county in which a United States military installation is wholly or partly located and the municipality has a population of more than 370,000 but not more than 380,000 or a population of 83,000 but not more than 84,000;~~

~~(ii) a municipality in a county with a population of less than 25,000 that is adjacent to two counties that contain the same United States Army installation, neither of which has a population greater than 400,000; or~~

~~(iii) a county with a population of less than 25,000 that is adjacent to two counties that contain the same United States Army installation, neither of which has a population greater than 400,000.~~

~~§9.4323. *Application.*~~

~~(a) In order to receive payment under this subchapter, an applicant must submit a completed application. The completed application must be received no earlier than February 1 nor later than April 1 of the year following the end of a fiscal year for which the applicant is seeking a payment under this subchapter.~~

~~(b) A completed application must include the following items:~~

~~(1) A map showing that:~~

~~(A) [~~if the applicant is a municipality,~~] the municipality is adjacent to a United States military installation or the municipality is located in a county in which a United States military installation is wholly or partly located; [~~or~~]~~

~~(B) [~~if the applicant is a county,~~] a United States military installation is wholly or partly located within the [that] county; [~~]~~~~

~~(C) the municipality is located in a county that is adjacent to two counties that contain the same United States Army installation; or~~

~~(D) the county is adjacent to two counties that contain the same United States Army installation.~~

~~(2) Documentation to substantiate the sources and amounts of general fund revenues listed on the application. That documentation must be:~~

~~(A) an independent audit covering the fiscal year for which the applicant is requesting payment;~~

~~(B) an [~~a comprehensive~~] annual comprehensive financial report covering the fiscal year for which the applicant is requesting payment; or~~

~~(C) documentation from the applicant's internal auditor or financial officer certifying that the information submitted is true and correct to the best of their knowledge.~~

~~(3) If the documentation listed in paragraph (2) of this subsection does not substantiate all of the sources and amounts of general fund revenues listed on the application, the applicant must submit additional documentation to substantiate the sources and amounts of general fund revenue which is certified by a city, county or independent auditor.~~

~~(4) Documentation to substantiate the exemption amount.~~

(5) Documentation to substantiate the property tax rate adopted by the applicant for the tax year in which the fiscal year for which the applicant is requesting payment begins.

(6) Most recent decennial census data to substantiate population size for local governments described in Local Government Code, § 140.011(b)(2).

(c) Documentation submitted with the application under subsection (b)(2) - (5) of this section must be highlighted for easy identification of the following values:

- (1) the specific total for each general fund revenue source;
- (2) the adopted property tax rate; and
- (3) the total exemption amount.

(d) The application must be submitted on the comptroller prescribed form. The method in which the application is submitted must conform to the instructions in the comptroller prescribed form.

(e) The application must be signed by an official of the local government that is authorized to bind the local government. The local official must certify that all information in the application is true and correct.

(f) The applicant is responsible for verifying receipt by the comptroller of the completed application and any information requested under §9.4325 of this title (relating to Review by Comptroller).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601353

Victoria North

General Counsel for Fiscal and Agency Affairs

Comptroller of Public Accounts

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 475-2220



TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 20. TEXAS WORKFORCE COMMISSION

CHAPTER 800. GENERAL ADMINISTRATION SUBCHAPTER E. ADVISORY COMMITTEES

40 TAC §§800.170 - 800.172

The Texas Workforce Commission (TWC) proposes the following new sections to Chapter 800, relating to General Administration:

Subchapter E. Advisory Committees, §§800.170 - 800.172

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the proposed Chapter 800 rule change is to establish by rule abolishment dates for TWC's advisory committees in accordance with Texas Government Code, Chapter 2110.

Under the statute, unless prohibited by another state law or federal law or regulation, an advisory committee is automatically abolished on the fourth anniversary of its creation date, unless

the state agency by rule designates the date on which the committee will automatically be abolished. The committee may continue in existence after that date only if the agency amends the rule to provide for a different abolishment date.

This rulemaking sets specific abolishment dates for the following TWC advisory committees that are subject to Texas Government Code, Chapter 2110:

- Industry-Based Certifications Advisory Council;
- Jobs and Education for Texans Advisory Committee; and
- Lone Star Workforce of the Future Advisory Board.

Chapter 800, Subchapter E, does not apply to TWC advisory committees that are exempt from the provisions of Texas Government Code, Chapter 2110, because of another state law or a federal law or regulation.

In the development of the proposed rules, TWC's Office of General Counsel consulted the points of contact for each advisory committee affected by this rulemaking.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

SUBCHAPTER E. ADVISORY COMMITTEES

TWC proposes new Subchapter E, as follows:

§800.170. Definition

New §800.170 defines "Advisory Committee" as it is defined by Texas Government Code, §2110.001.

§800.171. Creation and Duration of Advisory Committees Created by the Commission

New §800.171 provides the abolishment date of an advisory committee created by TWC in accordance with Texas Government Code, §2110.008(b).

§800.172. Duration of Advisory Committees

New §800.172 sets specific abolishment dates for the applicable TWC advisory committees.

PART III. IMPACT STATEMENTS

Chris Nelson, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, the following statements will apply:

There are no additional estimated costs to the state or to local governments expected as a result of enforcing or administering the rules.

There are no estimated cost reductions to the state or to local governments as a result of enforcing or administering the rules.

There are no estimated losses or increases in revenue to the state or local governments as a result of enforcing or administering the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of enforcing or administering the rules.

There are no anticipated economic costs to individuals required to comply with the rules.

There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural communities as a result of enforcing or administering the rules.

Based on the analyses required by Texas Government Code, §2001.024, TWC has determined that the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045, does not apply to this rulemaking.

Takings Impact Assessment

Under Texas Government Code, §2007.002(5), "taking" means a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amendments to the US Constitution or the Texas Constitution, Section 17 or Section 19, Article I, or restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action, and is the producing cause of a reduction of at least 25 percent in the market value of the affected private real property, determined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. TWC completed a Takings Impact Assessment for the proposed rulemaking action under Texas Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as discussed elsewhere in this preamble, is to establish by rule abolishment dates for certain TWC advisory committees as allowed under Texas Government Code, Chapter 2110.

The proposed rulemaking action will not create any additional burden on private real property or affect private real property in a manner that would require compensation to private real property owners under the US Constitution or the Texas Constitution. The proposal also will not affect private real property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the governmental action. Therefore, the proposed rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

Government Growth Impact Statement

TWC has determined that during the first five years the rules will be in effect, they:

- will not create or eliminate a government program;
- will not require the creation or elimination of employee positions;
- will not require an increase or decrease in future legislative appropriations to TWC;
- will not require an increase or decrease in fees paid to TWC;
- will not create a new regulation;
- will not expand, limit, or eliminate an existing regulation;
- will not change the number of individuals subject to the rules; and
- will not positively or adversely affect the state's economy.

Economic Impact Statement and Regulatory Flexibility Analysis

TWC has determined that the rules will not have an adverse economic impact on small businesses or rural communities, as the proposed rules place no requirements on small businesses or rural communities.

Mariana Vega, Director, Labor Market Information, has determined that there is not a significant negative impact upon employment conditions in the state as a result of the rules.

Les Trobman, General Counsel, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of enforcing the proposed rules will be to provide the public notice of when certain TWC advisory committees will be abolished unless continued by the Commission.

PART IV. REQUEST FOR IMPACT INFORMATION

TWC requests, from any person required to comply with the proposed rules or any other interested person, information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than May 11, 2026.

PART V. PUBLIC COMMENTS

Comments on the proposed rules may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than May 11, 2026.

PART VI. STATUTORY AUTHORITY

The new rules are proposed under:

--Texas Government Code, §2110.008, which requires a state agency to set by rule an advisory committee abolishment date if the agency chooses to designate such a date.

--Texas Labor Code, §301.0015, which provides TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The new rules relate to Title 4, Texas Labor Code, particularly Chapter 312, and Title 3, Texas Education Code, particularly Chapter 134 and Chapter 134A.

§800.170. Definition.

In this subchapter, "Advisory Committee" refers to a committee, council, board, commission, task force, or similar entity created by the Commission or by state or federal law to primarily advise the Commission. This definition excludes any advisory committee that is exempt from the advisory committee duration provisions under Texas Government Code, §2110.008.

§800.171. Creation and Duration of Advisory Committees Created by the Commission.

An advisory committee created by the Commission shall be automatically abolished in accordance with Texas Government Code, §2110.008(b), unless the advisory committee is required to remain in effect under state or federal law, or a different date is designated under §800.172 of this subchapter.

§800.172. Duration of Advisory Committees.

(a) The advisory committees listed in subsection (b) of this section are renewed with the abolishment dates noted for each advisory committee and continue to be subject to this subchapter.

(b) List of advisory committees renewed by rule:

(1) Industry-Based Certifications Advisory Council, authorized by Texas Labor Code, §312.002, shall be abolished or reauthorized by rule on or before December 31, 2035, or at such time the legislature takes action to abolish the council in statute.

(2) Jobs and Education for Texans Advisory Committee, authorized by Texas Education Code, §134.003, shall be abolished or reauthorized by rule on or before December 31, 2035, or at such time the legislature takes action to abolish the committee in statute.

(3) Lone Star Workforce of the Future Advisory Board, authorized by Texas Education Code, §134A.004, shall be abolished or reauthorized by rule on or before December 31, 2035, or at such time the legislature takes action to abolish the board in statute.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601354

Les Trobman

General Counsel

Texas Workforce Commission

Earliest possible date of adoption: May 10, 2026

For further information, please call: (737) 301-9662



CHAPTER 806. PURCHASES OF PRODUCTS AND SERVICES FROM PEOPLE WITH DISABILITIES

SUBCHAPTER J. TRANSITION AND RETENTION PLANS

40 TAC §§806.100 - 806.104

The Texas Workforce Commission (TWC) proposes the repeal of the following sections of Chapter 806, relating to Purchases of Products and Services from People with Disabilities, as follows:

Subchapter J. Transition and Retention Plans, §§806.100 - 806.104

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the Chapter 806 rulemaking is to repeal Subchapter J, Transition and Retention Plans, because the statute on which the rules in Subchapter J are based expired September 1, 2023.

The Purchasing from People with Disabilities (PPD) program encourages Texas state agencies and political subdivisions to give preference to purchasing products and services offered by community rehabilitation programs (CRPs) that employ people with disabilities, helping them achieve and maintain their independence through gainful employment.

Texas Human Resources Code, §122.0076, requires any CRP participating in the PPD program to pay each worker with a disability who is employed by the CRP at least the federal minimum wage.

Expired Texas Human Resources Code, §122.0075, as set forth by Senate Bill 753, 86th Texas Legislature, Regular Session, 2019, required CRPs that were paying their workers with disabilities less than the federal minimum wage to develop a plan to increase those wages to at least the federal minimum wage in order to continue participating in the PPD program. This statute expired on September 1, 2023, and, consequently, so did the rules under Chapter 806, Subchapter J, which the Commission adopted for the purpose of implementing the CRP minimum wage transition planning requirement.

TWC ensures CRP compliance with the minimum wage requirement under Texas Human Resources Code, §122.0076, through compliance monitoring, which, among other requirements in

Chapter 806, requires each participating CRP to file a quarterly employee wage and hour report and for the CRP to recertify for continued PPD program participation every three years.

TWC informed CRPs currently participating in the PPD program of the proposed action to repeal Chapter 806, Subchapter J in its entirety.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

SUBCHAPTER J. TRANSITION AND RETENTION PLANS

TWC proposes the repeal of Subchapter J, in its entirety, as follows:

§806.100. Scope and Purpose

§806.101. Requirements for Transition and Retention Plans

§806.102. Extensions for Transition and Retention Plans

§806.103. Withdrawal from the Program

§806.104. New CRPs during the TRP Period

PART III. IMPACT STATEMENTS

Chris Nelson, Chief Financial Officer, has determined that for each year of the first five years the repeal will be in effect, the following statements will apply:

There are no additional estimated costs to the state and to local governments expected as a result of repealing the rules.

There are no estimated cost reductions to the state and to local governments as a result of repealing the rules.

There are no estimated losses or increases in revenue to the state or to local governments as a result of repealing the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of repealing the rules.

There are no anticipated economic costs to individuals resulting from the repeal of the rules.

There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural communities resulting from the repeal of the rules.

Based on the analyses required by Texas Government Code, §2001.024, TWC has determined that the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045, does apply to this rulemaking.

Takings Impact Assessment

Under Texas Government Code, §2007.002(5), "taking" means a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amendments to the US Constitution or the Texas Constitution, §17 or §19, Article I, or restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action, and is the producing cause of a reduction of at least 25 percent in the market value of the affected private real property, determined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. TWC completed a Takings Impact Assessment for the proposed rulemaking action under Texas Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as discussed

elsewhere in this preamble, is to repeal Chapter 806, Subchapter J in its entirety, because its rules expired on September 1, 2023, and are no longer applicable to the PPD program, as all workers in the PPD program are required to earn at the federal minimum wage, or higher.

The proposed repeal will not create any additional burden on private real property or affect private real property in a manner that would require compensation to private real property owners under the US Constitution or the Texas Constitution. The proposal also will not affect private real property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the governmental action. Therefore, the proposed rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

Government Growth Impact Statement

TWC has determined that during the first five years the proposed repeal will be in effect, the repeal of the rules:

- will not create or eliminate a government program;
- will not require the creation or elimination of employee positions;
- will not require an increase or decrease in future legislative appropriations to TWC;
- will not require an increase or decrease in fees paid to TWC;
- will not create a new regulation;
- will not expand, limit, or eliminate an existing regulation;
- will not change the number of individuals subject to the rules; and
- will not positively or adversely affect the state's economy.

Economic Impact Statement and Regulatory Flexibility Analysis

TWC has determined that the proposed repeal will not have an adverse economic impact on small businesses or rural communities, as the proposal place no requirements on small businesses or rural communities.

Mariana Vega, Director, Labor Market Information, has determined that there is not a significant negative impact upon employment conditions in the state as a result of the proposed repeal.

Tammy Martin, Director, Vocational Rehabilitation Division, has determined that for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the repeal will be that individuals with disabilities working in the PPD program will continue earning the federal minimum wage or higher.

PART IV. REQUEST FOR IMPACT INFORMATION

TWC requests, from any interested person, information related to the cost, benefit, or effect of the proposed repeal, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than May 11, 2026.

PART V. PUBLIC COMMENTS

Comments on the proposed repeal may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than May 11, 2026.

PART VI. STATUTORY AUTHORITY

The repeals are proposed under the authority of:

--Texas Human Resources Code, §122.0075(h), which set a September 1, 2023, expiration date for §122.0075;

--Texas Human Resources Code, §122.013, which grants the Commission authority to adopt rules for the administration of Texas Human Resources Code, Chapter 122; and

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed repeals relate to Title 8, Texas Human Resources Code, Chapter 122.

§806.100. *Scope and Purpose.*

§806.101. *Requirements for Transition and Retention Plans.*

§806.102. *Extensions for Transition and Retention Plans.*

§806.103. *Withdrawal from the Program.*

§806.104. *New CRPs during the TRP Period.*

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601357

Les Trobman

General Counsel

Texas Workforce Commission

Earliest possible date of adoption: May 10, 2026

For further information, please call: (737) 301-9662



TITLE 43. TRANSPORTATION

PART 1. TEXAS DEPARTMENT OF TRANSPORTATION

CHAPTER 4. EMPLOYMENT PRACTICES SUBCHAPTER C. EMPLOYMENT AND EDUCATION PROGRAMS

43 TAC §4.21, §4.25

The Texas Department of Transportation (department) proposes the amendments to §4.21 and §4.25, concerning Employment and Education Programs.

EXPLANATION OF PROPOSED AMENDMENTS

This rulemaking makes changes to the department's conditional grant program, which provides financial assistance to eligible economically disadvantaged students who intend to work for the department in civil engineering or another profession for which there is a critical need, to increase flexibility for both applicants and administrators of the program and to provide greater outreach opportunities for the program and increase yearly applications. Overall, the changes to the program will continue to promote educational opportunities in the transportation industry to underprivileged communities.

Amendments to §4.21, Definitions, change the term "academic school year" to "academic year" to provide clarity concerning

the use of this term used in the subchapter. The amendments delete the definitions of "available grants" and "student intern program performance evaluation" because they are not used in the rules and delete "Texas resident" as being unnecessary. In the definition of "economically disadvantaged student" the Federal Poverty Guideline limit is increased from 225% to 250% to account for fluctuations of poverty levels and rising costs for education.

Amendments to §4.25, Conditional Grant Program, make several changes to the program. In subsection (d)(3), the application period is changed from an annual to a bi-annual period to allow for greater application flexibility and earlier program entry for students actively obtaining a bachelor's degree. In subsection (e)(1) the word "applicable" is added to provide clearer scoring guidelines since not all criteria set out in subparagraphs (A) - (F) will be required. In subsection (e)(1)(D) "vocational education" is changed to "career and technical education," which is the currently used term. In subsection (g)(3) the total grant amount is increased from \$4,000 to \$5,000 per semester to account for increasing tuition costs.

The substance of current §4.25(j)(1) is moved into new subsection (i)(2) because it directly relates to the default of the grant agreement. Subsection (i)(2) also provides that college credit hours received while attending high school, will not be considered in determining whether the repayment of grant funds is required if there is a default. This provision is added to clarify that participants who came into the program with dual credit college hours while attending high school will not be held to a different repayment requirement than a person who enters the program as a first-year college student.

FISCAL NOTE

Stephen Stewart, Chief Financial Officer, has determined, in accordance with Government Code, §2001.024(a)(4), that for each of the first five years in which the proposed rules are in effect, there will be no fiscal implications for state or local governments as a result of the department's or commission's enforcing or administering the proposed rules.

LOCAL EMPLOYMENT IMPACT STATEMENT

Dr. Christopher Young, Director, Human Resources Division, has determined that there will be no significant impact on local economies or overall employment as a result of enforcing or administering the proposed rules and therefore, a local employment impact statement is not required under Government Code, §2001.022.

PUBLIC BENEFIT

Dr. Christopher Young, has determined, as required by Government Code, §2001.024(a)(5), that for each year of the first five years in which the proposed rules are in effect, the public benefit anticipated as a result of enforcing or administering the rules will be overall improvements to the department's program review and processes resulting from clearer and more streamlined rules.

COSTS ON REGULATED PERSONS

Dr. Christopher Young, has also determined, as required by Government Code, §2001.024(a)(5), that for each year of that period there are no anticipated economic costs for persons, including a state agency, special district, or local government, required to comply with the proposed rules and therefore, Government Code, §2001.0045, does not apply to this rulemaking.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS

There will be no adverse economic effect on small businesses, micro-businesses, or rural communities, as defined by Government Code, §2006.001, and therefore, an economic impact statement and regulatory flexibility analysis are not required under Government Code, §2006.002.

GOVERNMENT GROWTH IMPACT STATEMENT

Dr. Christopher Young has considered the requirements of Government Code, §2001.0221 and anticipates that the proposed rules will have no effect on government growth. He expects that during the first five years that the rule would be in effect:

- (1) it would not create or eliminate a government program;
- (2) its implementation would not require the creation of new employee positions or the elimination of existing employee positions;
- (3) its implementation would not require an increase or decrease in future legislative appropriations to the agency;
- (4) it would not require an increase or decrease in fees paid to the agency;
- (5) it would not create a new regulation;
- (6) it would not expand, limit, or repeal an existing regulation;
- (7) it would increase the number of individuals subject to its applicability; and
- (8) it would not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

Dr. Christopher Young has determined that a written takings impact assessment is not required under Government Code, §2007.043.

SUBMITTAL OF COMMENTS

Any person that is required to comply with the proposed rule or any other interested person may provide information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis, or may submit written comments on the amendments to §4.21 and §4.25. The information or comments must be submitted to Rule Comments, General Counsel Division, Texas Department of Transportation, 125 East 11th Street, Austin, Texas 78701-2483 or to RuleComments@tx-dot.gov with the subject line "Conditional Grant Program." The deadline for receipt of comments is 5:00 p.m. on May 11, 2026. In accordance with Transportation Code, §201.811(a)(5), a person who submits comments must disclose, in writing with the comments, whether the person does business with the department, may benefit monetarily from the proposed amendments, or is an employee of the department.

STATUTORY AUTHORITY

The amendments are proposed under Transportation Code, §201.101, which provides the Texas Transportation Commission (commission) with the authority to establish rules for the conduct of the work of the department, and more specifically, Education Code, §56.144, which requires the department to adopt rules for the selection for grants under the conditional grant program, and Education Code, §56.145, which authorizes the department to adopt rules to establish conditions under which all or part of a conditional grant is required to be repaid.

CROSS REFERENCE TO STATUTES IMPLEMENTED BY THIS RULEMAKING - Education Code, Chapter 56, Subchapter I.

§4.21. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Academic [school] year--Two academic semesters (i.e., fall semester and spring semester, or if the educational institution is on a trimester system then fall, winter, or spring quarters).

~~(2) Available grants--The number of grants, based on available funding, the conditional grant coordinator determines may be awarded in an academic year.]~~

(2) [(3)] College cooperative student--A person who is enrolled in an eligible higher educational institution's cooperative education program.

(3) [(4)] Commission--Texas Transportation Commission.

(4) [(5)] Conditional grant--Financial assistance awarded to an eligible student.

(5) [(6)] Cooperative education program--A plan of education that provides for alternating periods of study and employment during the academic year; working agreements among the department, educational institution and student; paid supervised work experiences related to the student's academic studies or career goals; and experience sufficient in duration to qualify for career entry level position, if applicable.

(6) [(7)] Cooperative Education Program Standards Form--A form that states the rules of the High School Cooperative Education Program.

(7) [(8)] Declaration of intent--A signed and notarized document stating that the student intends to work for the department in an eligible profession for two academic years immediately following the date of the student's receipt of an eligible degree.

(8) [(9)] Department--The Texas Department of Transportation.

(9) [(10)] Economically disadvantaged student--A student who is a member of a household with a family annual adjusted gross income of not more than 250% [225%] of the Federal Poverty Level.

(10) [(11)] Eligible degree--A baccalaureate degree from an accredited public institution in the State of Texas in a field of study that satisfies the department's minimum education requirement for an eligible profession.

(11) [(12)] Eligible professions--Professions for which the department determines there is a critical need.

(12) [(13)] Form I-9 Employment Verification--A form attesting to eligibility to work in the United States in compliance with the Immigration Reform and Control Act of 1986.

(13) [(14)] HSCEP--High School Cooperative Education Program.

(14) [(15)] Intern--A post-secondary school student who is employed for a specific length of time.

(15) [(16)] Institution--Any public senior (four-year) college or university of higher education as certified by the Coordinating Board, Texas College and University System in accordance with the Education Code, §61.003.

(16) [(17)] Stipend--A monthly amount of financial assistance based on financial need which is determined by the financial aid or scholarship office at the student's educational institution.

(17) [(18)] Student cooperative program performance evaluation--The department's employment evaluation form used to evaluate college cooperative students.

~~[(19) Student intern program performance evaluation--The department's employment evaluation form used to evaluate interns.]~~

~~[(20) Texas resident--A person qualifying as a Texas resident as defined by Texas Higher Education Coordinating Board rule.]~~

§4.25. Conditional Grant Program.

(a) Purpose. This section establishes procedures for the administration of a conditional grant program that will provide financial assistance to eligible economically disadvantaged students who intend to work for the department in civil engineering or any other profession for which the department determines there is a critical need. Authority for the creation of the conditional grant program is contained in Education Code, Chapter 56, Subchapter I.

(b) Program. Upon determination by the executive director or the director's designee, the department may provide financial assistance to eligible students who:

(1) declare an intent to seek a baccalaureate degree from an institution in the State of Texas in a field of study that satisfies the department's minimum education requirement for an eligible profession;

(2) intend to work for the department for the two academic years immediately following the date of the student's receipt of an eligible degree from an institution in the State of Texas; and

(3) exhibit a high level of academic performance.

(c) Eligibility.

(1) Initial eligibility. To be initially eligible for a conditional grant, a student must:

(A) complete and file with the department evidence of household income and, on forms prescribed by the department, a conditional grant application and a declaration of intent to become a member of an eligible profession and work for the department for the two academic years immediately following the date of the student's receipt of an eligible degree;

(B) enroll in an institution;

(C) be a Texas resident as defined by the Texas Higher Education Coordinating Board;

(D) be an economically disadvantaged student; and

(E) have complied with any other requirements adopted by the department.

(2) Maintaining eligibility. In order to maintain eligibility, a student must be enrolled each semester in an institution in a course of instruction leading toward a degree in an eligible profession and, except as provided in paragraph (4) of this subsection, must:

(A) maintain an overall institutional grade point average of at least 2.5 on a four-point scale; and

(B) receive credit for not fewer than 12 hours each semester toward the student's degree program.

(3) Exception.

(A) If, during not more than one semester, a student fails to meet the grade point or credit hour requirements of this subsection, he or she will continue to maintain eligibility.

(B) Subparagraph (A) of this paragraph does not apply to a freshman student, unless the director of the department's Human Resources Division or designee determines that the student has a reasonable opportunity to comply with the requirements of subparagraph [Subparagraph] (C) of this paragraph. The director will base his or her decision on an overall assessment of the student's freshman academic record.

(C) Students who fail to meet the grade point requirement, but are allowed to maintain eligibility under this paragraph, must receive credit for not fewer than 12 hours each semester and attain a semester grade point average of 2.5 during all semesters thereafter until the student graduates.

(4) Hardship waiver. The department may waive, upon approval of the executive director, the requirement that a student receive credit for not fewer than 12 hours each semester if a student demonstrates hardship. Hardship may involve serious illness, family emergency, or other extraordinary circumstances beyond the control of the student.

(d) Application.

(1) To apply for a conditional grant, a student must submit to the department:

(A) a completed application in a form prescribed by the department; and

(B) a declaration of intent.

(2) The application will require information and documentation relating to residency status, secondary school performance or college performance, the current or intended enrollment institution, the sworn statement as required by subsection (k) of this section, and such other information the department deems necessary to determine eligibility pursuant to subsection (c) of this section.

(3) An application must be submitted by April 1st [of each year] for the [subsequent] fall semester of that year or September 1 for the [and] spring semester of the next year [semesters admission].

(e) Selection.

(1) Academics. The department will rank applicants according to the following applicable selection criteria:

(A) secondary school or college grade point average;

(B) SAT or ACT score;

(C) honors and awards from, and participation in technical or academic organizations such as Texas Prefreshman Engineering Program, Texas Alliance for Minorities in Engineering, National Honor Society, Debate Team, or Dean's List;

(D) career and technical [~~vocational~~] education;

(E) work experience; and

(F) whether the applicant is the first generation of the applicant's family to attend or graduate from an undergraduate program or from a graduate or professional program.

(2) Financial need. Applicants that meet a minimum academic threshold using the criteria in paragraph (1) of this subsection will be ranked giving highest priority to students who demonstrate the greatest financial need as measured by the Federal Poverty Guidelines.

(f) Grant agreement.

(1) The department will send written notice to applicants selected to receive a grant informing them of the amount to be awarded for the conditional grant as certified by their educational institution.

(2) Each selected student will be required to execute a grant agreement prior to receiving a conditional grant. The grant agreement will be in a form prescribed by the department and will set forth the terms and conditions of the grant, including, but not limited to, the amount of the grant and the requirements of continued eligibility pursuant to subsection (c) of this section.

(g) Conditional grant.

(1) The amount of a conditional grant is the sum of:

(A) the amount of tuition and fees for the student, as certified by the institution; and

(B) a stipend based upon financial need as provided by subsection (h) of this section.

(2) Each semester the department will distribute a conditional grant for each eligible student on receipt of an enrollment report and certification of the amount of tuition, fees, and stipend (if any) for the student from the institution.

(3) The total amount of any one conditional grant may not exceed the certified amount of tuition and fees for the student and a stipend for each whole calendar month in an amount determined by the department, but may not exceed \$5,000 [~~\$4,000~~] per academic semester based on financial need.

(4) If the amount appropriated to the department for conditional grants is less than the estimated amount of all unpaid conditional grants, the department will proportionally reduce each unpaid conditional grant.

(h) Stipend.

(1) A student desiring to receive a stipend must:

(A) sign a financial information release statement; and

(B) complete the required financial need forms at the institution.

(2) The department will award a stipend to the student upon certification by the institution of the student's certified financial need.

(3) Costs of room and board will be included in the stipend amount.

(i) Default.

(1) The department will declare a student to be in default of the grant agreement and will require the student to repay all conditional grant funds received from the department if the student:

(A) [~~(+)~~] withdraws from the institution; or

(B) [~~(=)~~] fails to comply with one or more requirements of the grant agreement.

(2) The department will terminate the grant agreement but will not require the student to repay any expended funds, if the student is in default of the grant agreement under paragraph (1) of this subsection but has completed fewer than 30 college credit hours, excluding all college credit hours received while attending high school.

(j) Repayment.

~~{(1) If a student fails to meet the requirements of the program or chooses to leave the program before the student's completion of 30 college credit hours, the department will terminate the agreement and the student will not be required to repay any expended funds. If the~~

student is declared to be in default of the program agreement after the student's completion of 30 college credit hours, the student is required to repay all funds received from the department.]

(1) [(2)] If a student is required to repay funds pursuant to subsection (i) of this section, the department will establish a repayment schedule of:

(A) 120 equal monthly installments for students who received grants for four years or more;

(B) 96 equal monthly installments for students who received grants for more than three years, but less than four years;

(C) 72 equal monthly installments for students who received grants for more than two years, but less than three years; or

(D) 48 equal monthly installments for students who received grants for less than two years.

(2) [(3)] The installment is based on the amount owed the department and must be paid each month. Repayments may be made in fewer than the required number of installments.

(3) [(4)] A student will not be required to begin payments until after the student's expected date of graduation as determined on the date of the determination of default.

(4) [(5)] A student who completes an eligible degree and does not work for the department for two academic years immediately following the date of the student's receipt of an eligible degree from a Texas institution will be required to:

(A) begin payments three months subsequent to the termination of default; and

(B) pay a minimum monthly installment of \$200.

(5) [(6)] The department will waive repayment of any remaining amounts for a student who defaults and graduates with an eligible degree and honors the original agreement to work for the department in an eligible profession for at least two academic years commencing immediately upon graduation.

(6) [(7)] The department may temporarily reduce or defer the required payments or extend the prescribed repayment period, upon approval of the executive director, if a student submits a formal request, demonstrates his or her inability to pay due to catastrophic illness or family emergency, and follows all conditional grant requirements during the deferment period. Any reduction, deferral, or extension will not relieve a student of his or her responsibility to repay all funds.

(7) [(8)] Credit bureau notification. The department will notify the appropriate credit bureaus or agencies if a student fails to repay the department or fails to adhere to the terms of the conditional grant agreement.

(k) Child support statement.

(1) In accordance with the Family Code, §231.006, a child support obligor who is 30 or more days delinquent in paying child support is not eligible to receive funds under this subchapter.

(2) A student shall provide along with the application submitted as required by subsection (d) of this section a signed, sworn statement, in a form and manner prescribed by the department, affirming that the student is not 30 or more days delinquent in providing child support under a court order or a written repayment agreement.

(3) A student who is ineligible under this section shall remain ineligible to receive funds under this subchapter until:

(A) all arrearages have been paid; or

(B) the student is in compliance with a written repayment agreement or court order as to any existing delinquency.

(4) A student who is found to have submitted a falsely sworn statement under this section shall, upon demand, remit to the department all funds received while ineligible under paragraph (1) of this subsection.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 25, 2026.

TRD-202601376

James Kirk

Senior General Counsel

Texas Department of Transportation

Earliest possible date of adoption: May 10, 2026

For further information, please call: (512) 416-3180



CHAPTER 12. PUBLIC DONATION AND PARTICIPATION PROGRAM

SUBCHAPTER A. PUBLIC PARTICIPATION PROGRAMS

The Texas Department of Transportation (department) proposes amendments to §12.2 concerning Definitions and repeal of §12.5 concerning the Landscape Cost Sharing Program.

EXPLANATION OF PROPOSED AMENDMENTS AND REPEAL

This rulemaking repeals §12.5, Landscape Cost Sharing Program, because the program is no longer funded.

The history of the Landscape Cost Sharing Program (program) is not fully documented, but available records indicate that it has been in place since 1985 and was historically funded through an allocation from the Texas Transportation Commission (commission).

The purpose of the program is to allow individuals, private businesses, organizations, and local governments an opportunity to support the aesthetic improvement of the state highway system by sharing the project development, establishment, and maintenance costs of landscaping the state highway system. Section 12.5 sets forth policies and procedures governing the program.

Although no funding has been allocated to the program since approximately 2008, several other programs and mechanisms remain available for individuals, private businesses, and local governments to participate in landscaping projects. These include Advanced Funding Agreements under Chapter 15, Subchapter E, the Adopt-a-Highway for Landscaping Program (§12.4), and the Landscape Partnership Program (§12.7).

Amendments to §12.2, Definitions, delete the definition of "pedestrian landscaping" because the term was used only in the §12.5 program that is being repealed.

Section 12.5, Landscape Cost Sharing Program, is repealed.

FISCAL NOTE

Stephen Stewart, Chief Financial Officer, has determined, in accordance with Government Code, §2001.024(a)(4), that for each

of the first five years in which the proposed rules are in effect, there will be no fiscal implications for state or local governments as a result of the department's or commission's enforcing or administering the proposed rules.

LOCAL EMPLOYMENT IMPACT STATEMENT

Jason Pike, Director, Design Division has determined that there will be no significant impact on local economies or overall employment as a result of enforcing or administering the proposed rules and therefore, a local employment impact statement is not required under Government Code, §2001.022.

PUBLIC BENEFIT

Mr. Pike has determined, as required by Government Code, §2001.024(a)(5), that for each year of the first five years in which the proposed rules are in effect, the public benefit anticipated as a result of enforcing or administering the rules will be increased clarity and efficiency within the program by removing a redundant program that is no longer in use.

COSTS ON REGULATED PERSONS

Mr. Pike has also determined, as required by Government Code, §2001.024(a)(5), that for each year of that period there are no anticipated economic costs for persons, including a state agency, special district, or local government, required to comply with the proposed rules and therefore, Government Code, §2001.0045, does not apply to this rulemaking.

ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS

There will be no adverse economic effect on small businesses, micro-businesses, or rural communities, as defined by Government Code, §2006.001, and therefore, an economic impact statement and regulatory flexibility analysis are not required under Government Code, §2006.002.

GOVERNMENT GROWTH IMPACT STATEMENT

Mr. Pike has considered the requirements of Government Code, §2001.0221 and anticipates that the proposed rules will have no effect on government growth. He expects that during the first five years that the rule would be in effect:

- (1) it would eliminate a government program;
- (2) its implementation would not require the creation of new employee positions or the elimination of existing employee positions;
- (3) its implementation would not require an increase or decrease in future legislative appropriations to the agency;
- (4) it would not require an increase or decrease in fees paid to the agency;
- (5) it would not create a new regulation;
- (6) it would repeal an existing regulation;
- (7) it would not increase or decrease the number of individuals subject to its applicability; and
- (8) it would not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

Mr. Pike has determined that a written takings impact assessment is not required under Government Code, §2007.043.

SUBMITTAL OF INFORMATION AND COMMENTS

Any person that is required to comply with the proposed rule or any other interested person may provide information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis, or may submit written comments on the amendments to §12.2 and the repeal of §12.5. The information or comments must be submitted to Rule Comments, General Counsel Division, Texas Department of Transportation, 125 East 11th Street, Austin, Texas 78701-2483 or to RuleComments@txdot.gov with the subject line "Landscape Cost Sharing Program". The deadline for receipt of the information or comments is 5:00 p.m. on May 11, 2026. In accordance with Transportation Code, §201.811(a)(5), a person who makes a submission must disclose, in writing with the submission, whether the person does business with the department, may benefit monetarily from the proposed amendments, or is an employee of the department.

43 TAC §12.2

STATUTORY AUTHORITY

The amendments are proposed under Transportation Code, §201.101, which provides the Texas Transportation Commission (commission) with the authority to establish rules for the conduct of the work of the department, and more specifically, Transportation Code, §392.003, which authorizes the commission to establish rules concerning donations for landscape installation and maintenance.

CROSS REFERENCE TO STATUTES IMPLEMENTED BY THIS RULEMAKING

Transportation Code, §392.003.

§12.2. Definitions.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Adopt-a-Highway coordinator--A district employee responsible for coordinating the Adopt-a-Highway program within the district's counties.
- (2) Adopted section--A section of state highway right of way or an airport approved for adoption by a group.
- (3) Airport--A publicly-owned airport that is included in the Texas Airport System Plan (TASP).
- (4) Aviation Division--A division of the department.
- (5) Authorized representative--An individual with the authority to sign agreements for the group or donor.
- (6) Commission--The Texas Transportation Commission.
- (7) Department--The Texas Department of Transportation.
- (8) Design fee--Those engineering or project administration costs or expenses identified prior to the construction of a project.
- (9) District--One of the 25 geographical areas, managed by a district engineer, in which the department conducts its primary work activities.
- (10) District engineer--The chief executive officer in charge of a district, or his or her designee.
- (11) Donation--A contribution of anything of value given to the department.

(12) Donor--The private business or civic organization that donates funds or services for the purpose of participating in the Landscape Cost Sharing or Adopt-a-Freeway Programs.

(13) Family member--Any spouse, sibling, parent, stepparent, grandparent, child, stepchild, aunt, uncle or cousin.

(14) Group--An entity that adopts a section of state highway right of way or an airport.

(15) Highway landscaping--A project design intent which attempts to provide primarily for the installation of native, naturalized, or adapted plant material within the project limits.

(16) Local government--A city or county.

(17) Non-cash contributions--The agreed value of labor, equipment, material, or design services furnished by a local government or donor in support of the project.

~~(18) Pedestrian landscaping--A project design intent which requires the installation of elements oriented primarily to pedestrian usage, including, but not limited to, parking, curbs, sidewalks, pavers, ramps for the disabled, cycling or jogging trails, benches, trash receptacles, or illumination.]~~

(18) ~~[(19)]~~ Project concept plan--The preliminary sketches, drawings, details, estimates, and specifications required by the department to illustrate the type of project development and establishment proposed, and as required for the department to determine if the proposed project is a highway landscaping project or a pedestrian landscaping project.]

(19) ~~[(20)]~~ Project design plan--The final drawings, details, specifications, and estimates as may be required by the department to fully control the work to be performed on the project.

(20) ~~[(21)]~~ Project development--The initial construction and installation of the landscape items in accordance with the project design plan.

(21) ~~[(22)]~~ Project establishment--The landscape maintenance activities required to ensure the viability, upkeep, and continued effectiveness of the project.

(22) ~~[(23)]~~ Project maintenance--The activities performed as determined by the program agreement to ensure the establishment, upkeep, and continued effectiveness of the project.

(23) ~~[(24)]~~ Sponsor--A local government or other public entity that owns or operates an airport.

(24) ~~[(25)]~~ Vandalism--Significant and deliberate damage or defacement that renders a sign unreadable or unsightly.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 25, 2026.

TRD-202601377

James Kirk

Senior General Counsel

Texas Department of Transportation

Earliest possible date of adoption: May 10, 2026

For further information, please call: (713) 448-0530



43 TAC §12.5

STATUTORY AUTHORITY

The repeal is proposed under Transportation Code, §201.101, which provides the Texas Transportation Commission (commission) with the authority to establish rules for the conduct of the work of the department, and more specifically, Transportation Code, §392.003, which authorizes the commission to establish rules concerning donations for landscape installation and maintenance.

CROSS REFERENCE TO STATUTES IMPLEMENTED BY THIS RULEMAKING

Transportation Code, §392.003.

§12.5. Landscape Cost Sharing Program.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on March 25, 2026.

TRD-202601378

James Kirk

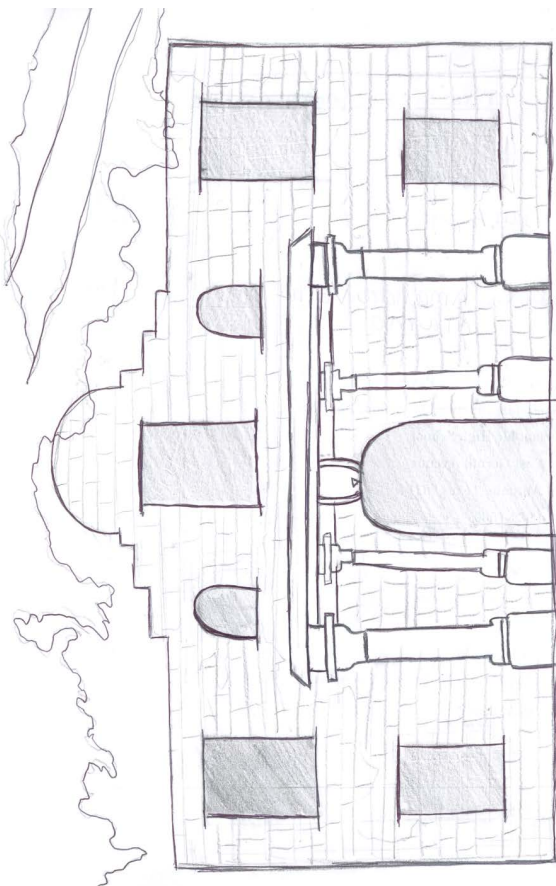
Senior General Counsel

Texas Department of Transportation

Earliest possible date of adoption: May 10, 2026

For further information, please call: (713) 448-0530





ADOPTED RULES

Adopted rules include new rules, amendments to existing rules, and repeals of existing rules. A rule adopted by a state agency takes effect 20 days after the date on which it is filed with the Secretary of State unless a later date is required by statute or specified in the rule (Government Code, §2001.036). If a rule is adopted without change to the text of the proposed rule, then the *Texas Register* does not republish the rule text here. If a rule is adopted with change to the text of the proposed rule, then the final rule text is included here. The final rule text will appear in the Texas Administrative Code on the effective date.

TITLE 7. BANKING AND SECURITIES

PART 6. CREDIT UNION DEPARTMENT

CHAPTER 91. CHARTERING, OPERATIONS, MERGERS, LIQUIDATIONS

SUBCHAPTER D. POWERS OF CREDIT UNIONS

7 TAC §91.401

The Credit Union Commission adopts amendments to §91.401, Credit Union Ownership of Property, without changes to the proposed text as published in the December 19, 2025, issue of the *Texas Register* (50 TexReg 8131), and the rule will not be republished.

The amendments simplify the definition of "premises," delete references to terms that were removed from the rule with amendments made in 2015, change the time for a credit union investing in property to put it into service for credit union business to six years and create a process for requesting an extension of time for consistency with the NCUA regulation, and make organizational and other non-substantive changes for improved readability.

The reasoned justification for the amendments is increased clarity and readability of the rule.

No comments were received in response to the proposed amendments.

The amendments are adopted pursuant to Texas Finance Code, Section 15.402, which authorizes the Commission to adopt reasonable rules for administering Texas Finance Code, Title 2, Chapter 15 and Title 3, Subtitle D. Authority to adopt these amendments is found also in Texas Finance Code Sections 124.351.

The statutory provisions affected by the adopted amendments are contained in Texas Finance Code Chapter 15 and Title 3, Subtitle D specifically Finance Code Section 124.351.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 27, 2026.
TRD-202601390

Robert Etheridge

Commissioner

Credit Union Department

Effective date: April 16, 2026

Proposal publication date: December 19, 2025

For further information, please call: (512) 837-9236

TITLE 16. ECONOMIC REGULATION

PART 2. PUBLIC UTILITY COMMISSION OF TEXAS

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

SUBCHAPTER I. TRANSMISSION AND DISTRIBUTION

DIVISION 1. OPEN-ACCESS COMPARABLE TRANSMISSION SERVICE FOR ELECTRIC UTILITIES IN THE ELECTRIC RELIABILITY COUNCIL OF TEXAS

16 TAC §25.205

The Public Utility Commission of Texas (commission) adopts new 16 Texas Administrative Code (TAC) §25.205, relating to Net Metering Arrangements Involving a Large Load Customer Co-Located with an Existing Generation Resource, with changes to the proposed text as published in the October 3, 2025 issue of the *Texas Register* (50 TexReg 6409). The new rule implements Public Utility Regulatory Act (PURA) §39.169, as enacted by Senate Bill (SB) 6 during the Texas 89th Regular Legislative Session. The new rule applies to a net metering arrangement involving a large load customer and an existing generation resource and establishes the criteria for ERCOT's study of a net metering arrangement. The rule also sets forth the procedural steps for ERCOT to complete its study of a proposed net metering arrangement within 120 days and the procedural steps for the commission to approve, with or without conditions, or deny a proposed net metering arrangement within 60 days after ERCOT files its study results and recommendations with the commission. This section is adopted under Project Number 58479. This rule will be republished.

The commission received written initial comments on the proposed section 25.205 from AEP Texas Inc. (AEP); Calpine Corporation (Calpine); CenterPoint Energy Houston Electric,

LLC (CenterPoint); Conservative Texans for Energy Innovation (CTEI); Data Center Coalition (DCC); EdgeConneX (ECX); Electric Transmission Texas, LLC (ETT); Eolian, L.P. (Eolian); Electric Reliability Council of Texas, Inc. (ERCOT); Lower Colorado River Authority and LCRA Transmission Services Corporation (LCRA); Office of Public Utility Counsel (OPUC); Oncor Electric Delivery Company LLC (Oncor); Onward Energy Holdings, LLC and its Texas subsidiaries, including Route 66 Wind Power II, LLC, South Plains Wind Energy II, LLC, Turkey Track Wind Energy, LLC, Maplewood Holdco LLC, and Maplewood II Holdco LLC (Onward); Satoshi Energy (Satoshi); Sierra Club Lone Star Chapter (Sierra Club); Splight Inc. (Splight); Texas Advanced Energy Business Alliance (TAEBA); Texas Competitive Power Advocates (TCPA); Texas Electric Cooperatives, Inc. (TEC); Texas Industrial Energy Consumers (TIEC); Texas Public Power Association (TPPA); Texas Solar + Storage Association (TSSA); Texas-New Mexico Power Company (TNMP); and Vistra Corp. (Vistra).

The commission received written reply comments from Calpine; CenterPoint; CTEI; Cruose Energy Systems LLC (Crusoe); DCC; Enchanted Rock, LLC (Enchanted Rock); Eolian; ERCOT; OPUC; Oncor; Sierra Club; TAEBA; TCPA; TEC; TIEC; TNMP; TPPA; TSSA; and Vistra.

The commission invited interested persons to address five questions related to various provisions of the proposed rule.

1. Does the commission have authority to approve a net metering arrangement if retail electric service to the large load customer would not be provided by the municipally owned utility or electric cooperative that is certificated to provide retail electric service to the area in which the large load customer is located?

AEP, Calpine, CenterPoint, Crusoe, Eolian, and Sierra Club recommended that the commission has the authority to approve a net metering arrangement in the event that retail electric service to the large load customer would not be provided by the municipally owned utility or electric cooperative that is certificated to provide retail electric service to the area in which the large load customer is located. Calpine noted that this issue may not be ripe for decision given that PURA §39.169(c) provides a specific opportunity for a municipally owned utility or electric cooperative that serves the applicable retail electric service area for a proposed net metering arrangement the opportunity to object.

LCRA recommended that municipally owned utilities and electric cooperatives have the exclusive right and obligation to provide electric service to all customers within their certificated services areas. Attendant with that right and obligation, these entities should maintain discretion on determining how net metering arrangements comport with their retail terms of services. Similarly, TIEC recommended that only the certificated distribution utility is authorized to provide retail electric service in its service area, unless the commission grants an exception. Moreover, the physical location of a consuming facility in a service area is the relevant factor when determining which utility has a right to serve a customer, not the location of the point of delivery.

TEC recommended that the commission cannot approve a net metering arrangement in an electric cooperative or municipally owned utility's service area if the net metering arrangement is not intermediated by the cooperative or municipally owned utility. TEC explained that the generation resource must sell the power to the cooperative or municipally owned utility who then sells the power to the large load customer.

TPPA answered in the negative, recommending that municipally owned utilities and electric cooperatives have exclusive jurisdiction to provide retail electric service within their service territories and may do so in accordance with the retail tariffs approved by their governing bodies. A net metering arrangement involving a private use network, which involves common ownership between the co-located load and generation resource, would be appropriate within a municipally owned utility or electric cooperative's service territory because no retail or wholesale sale of electricity occurs behind the meter. However, the municipally owned utility or electric cooperative would have exclusive jurisdiction to serve that load at retail once a retail transaction occurs. Before such a transaction, there is no issue with a commonly owned generation resource serving the load directly.

TAEBA recommended that the intent of Senate Bill 6 has nothing to do with changing billing or tariff authority of any class of load serving entity, including municipally owned utilities or electric cooperatives.

Vistra recommended that the commission apply its well-developed law regarding implementation of retail electricity choice, which holds that a retail customer whose consuming facility is wholly or partially located in an area that is not singly-certificated to a non-opt-in entity (NOIE) is entitled to choose its retail electricity provider. Additionally, Vistra recommended applying the law regarding the legality of self-service by a customer.

Commission Response

The commission agrees with Calpine that this question may be best resolved on a case-by-case basis involving resolution of an objection raised by an electric utility, municipally owned utility, or electric cooperative based on a violation of other law.

2. PURA §39.169(c) authorizes the electric cooperative, transmission and distribution utility, or municipally owned utility that provides electric service at the location of the new net metering arrangement to object to the arrangement for reasonable cause, including a violation of other law.

2a. How should the commission interpret "electric service" in PURA §39.169(c)?

AEP and TEC recommended that the term "electric service" as that term is used in PURA §39.169(c) should be interpreted consistent with the definition for "service" under PURA §11.003(19). The term "service" includes any act performed, anything supplied, and any facilities used or supplied by a public utility in the performance of the utility's duties under this title to its patrons, employees, other public utilities, an electric cooperative, and the public. The term also includes the interchange of facilities between two or more public utilities. Similarly, TIEC recommended that "electric service" includes the delivery services provided to the retail customer and the existing generation facility. In essence, either the transmission service provider (TSP) at the generation resource's point of interconnection or the retail electric service provider may object to a net metering arrangement for good cause.

Eolian recommended that the term "electric service" as that term is used in PURA §39.169 should be interpreted to mean electric delivery service, which is the provision of transmission or distribution service to the physical location. Eolian reasoned that if the Legislature had meant "retail service" it could have included retail electric providers in the list of parties to a net metering arrangement proceeding. Moreover, the consistent use of "inter-

connecting" across PURA §39.169(c) and (g) indicates the focus is on physical interconnection and delivery, not retail sales.

Calpine, TCPA, and Vistra recommended that the term "electric service" as that term is used in PURA §39.169(c) should be interpreted to mean retail delivery service. That is: "any act performed, electricity supplied, and any facilities used or supplied by a public utility in performance of the utility's duties to provide electricity to a large load customer, including the provision of electrons from the grid whether ongoing or an as needed basis." Similarly, TNMP recommended that "electric service" means the electric utility certificated to provide retail service at the location of the new proposed net metering arrangement (i.e., the utility that is legally authorized and required to serve load in the service territory).

CenterPoint recommended that the term "electric service" as that term is used in PURA §39.169(c) should be interpreted to mean retail electric delivery service and wholesale transmission service.

ECX recommended that the term "electric service" for purposes of a net metering arrangement means the provision of power from the grid to the meter of the net metering arrangement.

TPPA recommended that "electric service" means the service provided to access the poles and wires needed to connect to the bulk power system, both at the transmission and distribution level.

Commission Response

The commission agrees with TIEC that "electric service" includes the delivery of electric services provided to the large load customer and the existing generation resource. This interpretation is also consistent with the definition for "service" that is set forth in PURA §11.003(19) and is recommended by AEP and TEC. PURA §11.003(19) defines service to include any act performed, anything supplied, and any facilities used or supplied by a public utility in the performance of the utility's duties under Title II of the Texas Utilities Code to its patrons, employees, other public utilities, an electric cooperative, and the public. Therefore, the commission modifies adopted §25.205(b) to add definitions for "interconnecting distribution service provider (DSP)" and "interconnecting TSP" consistent with this interpretation. The commission also modifies adopted §25.205(d)(1) to require that an application for approval of a net metering arrangement identify the interconnecting TSP and the interconnecting DSP; modifies adopted §25.205(d)(2) to require service of the application on the interconnecting TSP and the interconnecting DSP; and modifies adopted §25.205(e)(1) to specify that the interconnecting TSP and the interconnecting DSP are both parties to the proceeding.

2b. What process should be used for addressing an objection to a net metering arrangement based on a violation of other law?

AEP recommended that parties should be able to avail themselves of current processes, including a request for a declaratory order, to resolve disputes related to a violation of PURA, commission rules, or ERCOT protocols. Similarly, CenterPoint recommended that an objection to a net metering arrangement as a violation of law should be filed as a petition for declaratory order or ruling to challenge the arrangement.

TAEBA recommended using the current reporting methods set forth in 16 TAC §22.246 (relating to Administrative Penalties) and 16 TAC §22.242 (relating to Formal Complaint Process).

Vistra recommended that the commission use the existing process for evaluating and deciding legal issues. That is the commission should receive arguments and briefing from all the parties to the proceeding and then evaluate the objection as a legal issue.

TIEC recommended that if a party objects to a net metering arrangement, even for a violation of law, the commission should hold a contested case proceeding to consider the validity of the party's claim. This could occur as part of the commission's approval process or prior to ERCOT's study, depending on the timing of the objection. However, Crusoe and TIEC cautioned that being granted party status should not broaden the issues that the parties have standing to dispute.

Calpine, Crusoe, Eolian, and TCPA recommended that an objection to a net metering arrangement based on a violation of other law should be addressed within the proceeding evaluating the net metering arrangement for commission approval. TCPA recommended that a procedural schedule for briefing on the issue could be issued after the application is filed, allowing for resolution of the objection within the 120-day study period and before the commission's 60-day process begins. Eolian recommended that an objection should be evaluated within the commission's 60-day decision period following ERCOT's filing of its study results and recommendations.

ECX recommended a process be put in place that ensures time limitations on when an objection can be raised based on a violation of other law.

Sierra Club recommended allowing a municipally owned utility or electric cooperative in such a scenario to be a party to the net metering arrangement proceeding.

TEC recommended that the commission must evaluate and resolve an objection to a net metering arrangement before the arrangement is approved.

TNMP recommended that objections to a net metering arrangement based on a violation of other law be adjudicated either through an enforcement proceeding or a contested case proceeding.

TPPA was supportive of adjudicating objections in a contested case proceeding and recommended that the commission establish clear and substantive requirements for net metering arrangements within its rules. These requirements should limit the types of allowable arrangements. For example, any large load and generation resource seeking to establish a net metering arrangement should be required to obtain consent from the poles and wires company or companies before submitting a net metering arrangement request to ERCOT. Additionally, TPPA recommended that the commission retain the authority to issue conditional approval of a net metering arrangement, subject to the condition that the arrangement is subsequently found to be lawful in any related or pending proceedings.

Commission Response

The commission agrees with AEP, CenterPoint, TAEBA, TIEC, and Vistra that parties are able to avail themselves of existing processes and procedures to resolve an objection to a net metering arrangement based on a violation of other law. These existing processes and procedures may include filing a petition for a declaratory order or filing an objection in the contested case proceeding in which the net metering arrangement is under consideration for commission approval. The commission notes that adopted §25.205(j) requires the interconnecting TSP and the in-

terconnecting DSP to file an objection not later than ten days after ERCOT files its study results and recommendations.

3. PURA §39.169(g) limits the parties to a proceeding under PURA §39.169 to the commission, ERCOT, the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility, and a party in the net metering arrangement. How should the commission interpret "interconnecting" in PURA §39.169(g)?

AEP recommended that "interconnecting" as that term is used in PURA §39.169(g) includes any party that could interconnect the subject load, including the electric cooperative, transmission and distribution utility, or municipally owned utility associated with the certificated retail service territory and the electric cooperative, transmission and distribution utility, or municipally owned utility that provides electric service at the location of the new net metering arrangement.

Similarly, TEC recommended that "interconnecting" is not limited to physical interconnection but includes the entity that is certificated to provide retail electric service at that location. TEC noted that a contrary interpretation would mean that a large load customer and generation resource could abrogate the rights of a retail electric utility simply by designing an arrangement, even if that arrangement violates PURA. TPPA recommended that "interconnecting" means the poles and wires company or companies, (i.e., both the TSP as well as the DSP) for each service territory that a net metering arrangement is requested).

Calpine and TIEC recommended that "interconnecting" includes any electric cooperative, transmission and distribution utility, or municipally owned utility that is either a party to an interconnection agreement with the generation resource participating in the proposed net metering arrangement or who has the certificate of convenience and necessity (CCN) to provide retail delivery service to the load site, under a commission-approved or otherwise duly adopted tariff, to the large load customer. CenterPoint recommended that the "interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility" is both the interconnecting TSP and the interconnecting retail electric utility.

DCC recommended that "interconnecting" refers exclusively to the electric cooperative, transmission and distribution utility, or municipally owned utility that physically connects the large load customer's facilities to the ERCOT transmission system and is responsible for constructing, operating, and maintaining the interconnection facilities. DCC reasoned that this interpretation ensures that only entities with direct operational responsibility for the physical grid interconnection are considered parties under PURA §39.169(g). Large load customers who self-supply and do not rely on or expect energy from the grid should not be deemed "interconnected" for purposes of this provision. Likewise, retail electric providers or other entities without direct interconnection responsibilities should not qualify as parties.

ECX recommended that "interconnecting" means receiving power from the grid and receiving benefits from the grid connection. ECX also recommended that a net metering arrangement that is fully islanded and not connected to the grid should not be considered "interconnecting" under PURA §39.169.

Eolian recommended that "interconnecting" refers to the entity providing electric delivery service at the location, not retail electric service. Accordingly, Eolian recommended that the proposed rule clarify that "provides electric service at the location" in PURA §39.169(c) means electric delivery responsibility at the premises

(transmission or distribution), not retail supply, while "interconnecting" in PURA §39.169(g) means the utility that owns or operates the point of interconnection facilities used by the arrangement. Under this approach, a utility that provides delivery elsewhere on the premises but does not own or operate the specific transmission or distribution facilities at the actual point of interconnection used by the net metering arrangement may still file a reasonable cause objection under PURA §39.169(c) if the utility provides electric service at the location, but party status under PURA §39.169(g) remains limited to the interconnecting utility (or utilities) whose point of interconnection assets are directly implicated.

Similarly, ERCOT recommended that "interconnecting" refers to the retail electric utility certificated to provide electric delivery service to the large load customer. ERCOT reasoned that PURA §37.051(a) prohibits an electric utility from providing service to the public without a certificate of convenience and necessity (CCN). Therefore, only the certificated retail electric utility can lawfully interconnect a retail customer to the grid and deliver power to that customer.

Sierra Club recommended interpreting the term broadly to include a municipally owned utility or electric cooperative that serves the area, even if the municipally owned utility or electric cooperative is not directly "interconnecting" the large load customer.

TAEBA recommended that the "interconnecting" electric cooperative, transmission and distribution utility, or municipally owned utility is the entity providing service and from whom the large load customer received its interconnection agreement. Similarly, TCPA and Vistra recommended that the "interconnecting" entity is the entity that is a party to a standard generation interconnection agreement with the generator.

TNMP recommended that PURA §39.169 must be harmonized in a manner that affirms that net metering arrangements cannot encroach upon the certificated retail utility's exclusive role. In practice, TNMP explained that this means any metering of a large co-located load must use the facilities of the authorized retail utility with the sole authority to deliver electricity and implement load curtailment within its certificated service territory.

Commission Response

The commission determines that "interconnecting utility" as that term is used in PURA §39.169(g) includes the electric utility, municipally owned utility, or electric cooperative that is the TSP that owns and operates the physical facilities that interconnect the large load customer or the existing generation resource and also includes the electric utility, municipally owned utility, or electric cooperative that is the DSP certificated to provide retail electric service in the service area in which the large load customer is located or seeks interconnection.

4. Is there a scenario where the electric cooperative, transmission and distribution utility, or municipally owned utility that objects to a net metering arrangement under PURA §39.169(c) is not a party to the proceeding under PURA §39.169(g)? If so, how can these two statutory provisions be reconciled?

Consistent with their recommendations in response to question two above, AEP, Calpine, CenterPoint, TEC, and TPPA recommended that such a scenario would not exist because both PURA provisions capture both the interconnecting TSP and the interconnecting retail electric utility. Additionally, TEC recommended that the commission require a net metering

arrangement to include as party to the arrangement any utility with the right to provide retail service in the area where the net metering arrangement is located.

ECX and Sierra Club suggested that it is possible an electric cooperative, transmission and distribution utility, or municipally owned utility that can object to the proceeding under PURA §39.169(g) but not be a party to the proceeding. For example, a TSP that is not party to the net metering arrangement but has transmission assets that are stranded or underutilized as a result of the net metering arrangement, that TSP could object to the net metering arrangement. Sierra Club did not object to including such a municipally owned utility or electric cooperative as a party in the net metering arrangement proceeding since ultimately the commission will be the final arbiter.

Eolian noted that where a project site straddles two certificated service areas, where legacy or dual-feed facilities exist, or where a service area exception has been granted, an entity may provide electric delivery service elsewhere on the premises (and thus qualify as "providing electric service at the location") but may not own or operate the specific point of interconnection facilities used by the behind the meter arrangement. In such cases, the electric utility providing service elsewhere on the premises may still submit an objection under PURA §39.169(c) for reasonable cause, but the electric utility would not automatically become a "party" under PURA §39.169(g). To reconcile these provisions, Eolian recommended PURA §39.169(g) should be read to limit party status to the interconnecting utility--that is, the entity whose transmission or distribution facilities from the point of interconnection and are directly implicated by the arrangement. Under this reading, an objecting electric utility that is not the interconnecting utility may have its objection included in the record and considered by the commission when deciding whether to approve, deny, or condition a netting arrangement, but that objection does not expand the list of formal parties beyond the statutory text of PURA §39.169(g).

LCRA and TIEC recommended that in order to reconcile the statutory provisions in PURA §39.169(c) with those in PURA §39.169(g), the electric cooperative, transmission and distribution utility, or municipally owned utility certificated to provide electric service to either the existing generation resource or the large load customer seeking interconnection are both allowed to object to the arrangement for reasonable cause and be a party to a proceeding under PURA §39.169(g). TIEC noted that it would be nonsensical not to allow the party who has a right to serve the retail load to participate in the proceeding.

TNMP recommended reconciling the two provisions by interpreting them to refer to the same utility, the certificated utility that is legally authorized or required to provide retail electric service at that location.

Commission Response

The commission agrees with AEP, Calpine, CenterPoint, TEC, and TPPA that such a scenario would not exist because both PURA provisions include: (1) the electric utility, municipally owned utility, or electric cooperative that is the TSP that owns and operates the physical facilities that interconnect the large load customer or the generation resource, and (2) the electric utility, municipally owned utility, or electric cooperative that is the DSP that is certificated to provide retail electric service in the service area in which the large load customer is located or seeks interconnection and both PURA provisions also include.

5. PURA §39.169(d) states that if the commission imposes conditions on a proposed net metering arrangement, the conditions must require a generation resource that makes dispatchable capacity available to the ERCOT region before the implementation of a net metering arrangement under this section to make at least that amount of dispatchable capacity available to the ERCOT power region after the implementation of the arrangement at the direction of the independent organization in advance of an anticipated emergency condition.

5a. How should the commission interpret "dispatchable capacity"?

AEP recommended that "dispatchable capacity" be interpreted consistent with ERCOT Planning Guide 4.1.1.7 Minimum Deliverability Criteria.

Calpine, Crusoe, CTEI, Enchanted Rock, ERCOT, OPUC, Sierra Club, TAEBA, TCPA, TIEC, and Vistra recommended that "dispatchable capacity" means "capacity, the output of which can be controlled primarily by forces under human control." Additionally, Enchanted Rock recommended that the term "dispatchable capacity" requires a generation resource to: (1) be capable of running for at least four hours at the resource's HSL; (2) be on-line and capable of dispatch no more than two hours after being called on for deployment; and (3) have the flexibility to address inter-hour operational challenges.

Crusoe, CTEI, Onward, OPUC, and TSSA recommended that "dispatchable capacity" is only available from dispatchable generation resources that include thermal generation units, such as natural gas and coal, and excludes intermittent resources, such as solar.

CenterPoint recommended that "dispatchable capacity" means the generation capacity that has been committed to ERCOT by a registered generation or energy storage resource to be available immediately when demanded by ERCOT.

Oncor, TEC, and TPPA recommended that "dispatchable capacity" means the amount of power the existing generation facility was able to deliver on demand to the grid before the net metering arrangement was implemented. TEC and TPPA opposed an interpretation that includes or excludes certain types of generation resources because the statute uses the term "dispatchable capacity," not "dispatchable generator" to describe capacity capable of being dispatched.

ECX recommended that "dispatchable capacity" means the maximum amount of electricity available to the grid operator that can be quickly ramped up or down to meet the fluctuations in load demand.

Eolian recommended that "dispatchable capacity" means the portion of a resource's reliability deliverable output that ERCOT can schedule, commit, or dispatch in response to real-time or forecasted reliability needs. Dispatchable capacity should reflect demonstrated performance capability--such as 50-60% effective load carrying capability (ELCC) for four-hour energy storage resources and up to 90% for eight-hour energy storage resources; ensure operational readiness and telemetry controllability to respond to ERCOT direction during emergency or scarcity conditions; and enable ERCOT to incorporate realistic hybrid and storage dispatch assumptions into its interconnection and reliability studies. Moreover, Eolian recommended that the commission direct ERCOT and the applicable non-opt-in entities and TDUs recognize and credit the net dispatchable contribution of hybrid, paired, or storage-backed configurations--i.e.,

facilities combining generation, storage, or controllable load behind a common point of interconnection--based on observed reliability performance and validated study results, rather than on static derates, duration thresholds, or default assumptions that systematically understate energy storage resources' contribution to system adequacy.

Commission Response

The commission substantively agrees with Calpine, Crusoe, CTEI, Enchanted Rock, ERCOT, OPUC, Sierra Club, TAEBA, TCPA, TIEC, and Vistra that "dispatchable capacity" means capacity, the output of which can be controlled primarily by forces under human control. The commission modifies the adopted rule to add a definition for "dispatchable capacity" defining the term to mean "output capacity that can be controlled primarily by forces under human control."

5b. How should the commission interpret "make available"?

AEP noted that transmission operators are unable to disconnect only the load in situations where the load is located behind-the-meter. In these situations, the generator becomes the responsible party for the disconnection of that load. Therefore, AEP recommended that "make available" in these circumstances means that the point of interconnection must be able to export the dispatchable capacity that was established prior to the net metering arrangement.

ERCOT and LCRA recommended that the full capacity of a generation resource that has entered into a net-metering arrangement with a large load customer is made available through the full curtailment of that large load.

Onward and TEC recommended that "make available" means providing energy when requested by ERCOT. Additionally, Onward recommended that non-dispatchable resources, such as wind and solar, should be able to curtail rather than firm their capacity. TSSA recommended that "make available" means that the generation resource must be ready to offer its energy into the market at a competitive price to address a serious reliability concern during a defined event as specified in a condition imposed by the commission.

Calpine, Crusoe, ERCOT, TIEC, and Vistra recommended that a generation resource could make dispatchable capacity available through the use of backup generation (i.e., the large load customer would switch from consuming power from the existing generation resource to consuming power from its backup generation). Calpine, TIEC, and Vistra also recommended load curtailment or a new build from elsewhere could satisfy the requirement. Additionally, Calpine and Vistra recommended that a generation resource could make dispatchable capacity available through bilateral trades in the ERCOT wholesale market.

ERCOT, TAEBA, and TPPA disagreed that curtailment from elsewhere or a new build from elsewhere could satisfy the requirement, nor can bilateral trades satisfy the requirement because these mechanisms do not account for circumstances in which the location of the generation export or load curtailment could be critical to ensuring reliability. TAEBA noted that if these types of bilateral market purchases are allowed to be made with offsite resources, it is possible that system reserves could be miscalculated, and ERCOT would have to account for those contracts to ensure it does not happen. Additionally, under energy emergency alert (EEA) emergency conditions, it is possible those loads would be required to be shed themselves, irrespective of contractual needs. Any contracted generation would have to be

removed from system margin calculations, preemptively adding to generation reserve constraints. Even if all those risks could be avoided, the possibility that off-site resources would not contribute to the same geographic system that the net metered large load customer is connected to would mean that local reliability for that load resource's impacts would be improperly managed.

CenterPoint and CTEI recommended that "make available" means to be made immediately dispatchable when called upon by ERCOT. Oncor recommended that "make available" requires the existing generation resource to deliver its dispatchable capacity to the ERCOT grid within a reasonable time after being called upon in real-time. TAEBA recommended "make available" means the net metered generation resource is capable of injecting energy into the system during emergency conditions.

TPPA recommended that the method by which the generation will be made available need not be defined.

ECX recommended that "make available" means a generation resource's ability to provide power to the grid and a commitment by that resource to reserve that power to be called upon by ERCOT as needed. OPUC recommended that "make available" means the ability to make generation available for dispatch in the real-time market. Sierra Club recommended that "make available" means to be available to provide energy (or ancillary services) to the market through SCED or direct dispatch.

DCC recommended that the commission should provide large load customers with as much flexibility as possible to manage their load and shift to backup generation to meet requests for dispatchable energy. DCC also recommended that ERCOT should provide a large load customer as much time as possible to meet these requests and ultimately, ERCOT should limit these requests to grid emergencies. Finally, DCC recommended that the requirements should be consistent across all types of large load customers, not solely net metering arrangements.

Eolian recommended that "make available" means maintaining operational readiness and the physical, telemetry, and interconnection capability necessary for ERCOT to dispatch, schedule, or commit that capacity for energy at its direction under emergency or scarcity protocols (e.g., under the EEA framework). A resource satisfies this statutory duty when it maintains the ability--through its control systems, state-of-charge management (as applicable), and telemetry--to deliver its committed capacity within ERCOT's operational timeframe when called upon to support system reliability.

TCPA cautioned against an interpretation that would foreclose load curtailments, backup generation utilization, and new generation capacity, as these have the same net effect for resource adequacy even if not at the site of the co-location net metering arrangement.

Enchanted Rock recommended that the program under PURA §39.170 could be used to satisfy the "make available" requirement by leveraging ERCOT's existing emergency response service (ERS) construct as a mechanism for procurement, dispatch, settlement, and performance monitoring for large loads and establishing a new, long lead-time (24-hour) ERS product tailored to large load participation. Alternatively, Enchanted Rock recommended that "make available" should be interpreted to include participation in either the program under PURA §39.170 or ERS.

Commission Response

The commission agrees with ERCOT and LCRA that the full capacity of an existing generation resource that has entered into

a net-metering arrangement with a large load customer is made available first and foremost through the full curtailment of the large load customer that is co-located with the existing generation resource. In addition, the commission agrees with Eolian that an existing generation resource must make its dispatchable capacity available by maintaining operational readiness and the physical, telemetry, and interconnection capability necessary for ERCOT to dispatch, schedule, or commit that existing generation resource's capacity for energy at ERCOT's direction when needed. In order to satisfy the statutorily required condition imposed on an existing generation resource, the existing generation resource must maintain the ability--through its control systems, state-of-charge management (as applicable), and telemetry--to deliver its committed capacity within ERCOT's operational timeframe when called upon to support system reliability. The commission modifies adopted §25.205(k)(3) to explicitly require that an existing generation resource that must make dispatchable capacity available under subsection (k)(1) of the rule must make its dispatchable capacity available by adjusting the existing generation resource's output in accordance with ERCOT instructions. For additional clarity, the commission adds a new provision to specify that an existing generation resource that must make capacity available under subsection (k)(2) of the rule must make capacity available by complying with any conditions specific to the existing generation resource. The commission also adds adopted §25.205(k)(7), which clarifies that nothing in the adopted rule limits the commission's authority to impose conditions on a net metering arrangement under PURA.

Additionally, the commission expects ERCOT to develop protocols via the stakeholder process to develop standard communication, settlement, and compliance requirements for all net metered loads and existing generation resources before, during, and after emergencies. For example, the status of an existing generation resource in a private use network (PUN) must be ON both pre- and post-load curtailment if the existing generation resource is running. By updating its high sustained limit (HSL) telemetry to ERCOT, an existing generation resource would reflect the increase in its net capability after the load curtailment. This would make the existing generation resource's capacity available to ERCOT. If the existing generation resource is not running pre- or post-deployment, then ERCOT would issue a typical reliability unit commitment instruction. No compensation will be provided to the large load customer for the curtailment. Being curtailed or having an existing generation resource controlled by ERCOT are known risks that these entities take on by entering into a net metering arrangement.

The commission disagrees with TCPA that load curtailments, backup generation utilization, and new generation capacity that is not at the site of the co-location net metering arrangement have the same net effect for resource adequacy. Although a simple accounting exercise on paper to provide a similar number of MW, the characteristics and location of the existing generation resource are studied together for transmission security and resource adequacy. Therefore, the commission concludes that an existing generation resource that is subject to a condition requiring the existing generation resource to make capacity available consistent with PURA §39.169 must make its own capacity available.

5c. How far in advance of an anticipated emergency condition should ERCOT be able to direct a generation resource to make dispatchable capacity available to the ERCOT region? Should "advance" be measured based on time, megawatt, or some other metric?

AEP recommended that "advance" should be measured in terms of the time associated with the startup times of the unit prior to the unit's participation in the net metering arrangement. Similarly, TEC recommended that "advance" should be measured based on time and capabilities of the unit. TEC reasoned that some generating units may be able to respond to ERCOT directives on a faster timeline than others, so the standards should recognize these varying capabilities.

Sierra Club recommended that the metric may be dependent on the capability of the resource, i.e., how fast the resource can respond, but generally, Sierra Club recommended the metric should be based on time, such as four hours. OPUC recommended that advance notice should be given within one hour and no later than when ERCOT declares a Watch condition for low reserves.

TAEBA recommended that resources should be notified of their required availability once ERCOT enters into a Watch scenario. This will permit resources to prepare for any potential dispatch in an EEA.

ERCOT recommended that "advance" should be interpreted to mean when ERCOT anticipates that physical responsive capability (PRC) could fall below 2,500 MW or when PRC has fallen below, 2,500 MW. ERCOT noted that the ERCOT protocols currently define a 2,500 MW PRC trigger for EEA Level 1. On-cor recommended that the rule should give ERCOT the operational flexibility to adapt this process in the moment according to real-time conditions and over time according to past experiences.

Calpine recommended that "in advance of an anticipated emergency condition" should allow for fact-specific consideration of individual proposed net metering arrangements including equitable consideration of front-of-the-meter loads with on-site backup generation and behind-the-meter loads with on-site backup generation which are also co-located with an existing generation resource. Calpine reasoned that under PURA §37.0561, ERCOT may not direct the applicable interconnecting utility to require the large load customer to deploy its backup generation or curtail load until ERCOT has already deployed all available market services, except for frequency responsive services.

Similarly, Crusoe, CTEI, and Eolian recommended that PURA §39.169(d) and PURA §37.0561(e) should be read to apply under the same set of circumstances, when ERCOT declares an EEA Level 2 and before ERCOT declares an EEA Level 3. Eolian also recommended clarifying that "in advance" does not authorize ERCOT to impose inflexible must-run or must-discharge obligations that contradict the resource's technical design or state-of-charge management. Finally, Eolian recommended clarifying that compliance may be demonstrated through verified telemetry, state-of-charge status, and resource commitment plans during declared or forecasted emergency periods.

TCPA noted that ERCOT's 2024 Energy Emergency Alert Overview provides specific markers for when different resources are deployed and in what order, based on pre-defined degradation in frequency or RPC reserves. TCPA recommended that applying similar criteria to resources associated with large loads would be appropriate. However, TCPA cautioned that the commission should avoid (or at the very least, minimize) discriminatory treatment based on whether a resource is behind the meter or in front of the meter.

CenterPoint recommended that "in advance of an anticipated emergency condition" means that ERCOT should be able to direct a generation resource to be ready to make dispatchable capacity available to ERCOT as soon as it becomes reasonably foreseeable to ERCOT that an emergency condition may occur. Similarly, TNMP recommended that ERCOT should be required to direct a generation resource to make dispatchable capacity available to the ERCOT region in advance of an anticipated emergency condition as soon as reasonably possible or feasible.

CTEI, ECX, and Vistra recommended that a generation resource should have a minimum of 24 hours' notice in order to make dispatchable capacity available to ERCOT. Additionally, any advance notice should have specific time and megawatt parameters.

Enchanted Rock recommended that ERCOT could issue deployment instructions consistent with existing ERS protocols, such as 10-minute or 30-minute response windows, or through a new product with up to 24-hour notice, consistent with PURA §39.170 requirements. Enchanted Rock also recommended that faster-responding products should receive higher compensation than slower or day-ahead resources.

Commission Response

The commission agrees with ERCOT that "advance" should be interpreted to mean when ERCOT anticipates entering EEA Level 1. Currently, EEA Level 1 is issued when ERCOT's operating reserves drop below 2,500 MW and are expected to remain below that level for at least 30 minutes.

The commission agrees with Oncor that ERCOT should have the operational flexibility to adapt the process in the moment according to real-time conditions and over time according to past experiences when directing dispatchable capacity be made available.

The commission disagrees with AEP and TEC that "advance" should be measured in terms of the time associated with the startup times and capabilities of the existing generation resource with respect to ERCOT's issuance of instructions to make capacity available. However, startup times and capabilities of load and generation should be considered by ERCOT in its issuance of instructions and monitoring of compliance

Thus, the commission concludes that standardizing how far in advance the notice for anticipated emergency should be provided should be addressed in ERCOT protocols based on whether the emergency is a systemwide or local transmission emergency, the season, and other conditions of the grid. As ERCOT will have multiple net metering arrangements and curtailable large load customers available across the region, ERCOT will need to develop a holistic approach. However, the details for response time after the notice is issued for a specific existing generation resource and large load customer will be addressed in the contested case proceeding for a net metering arrangement and will take into consideration the startup times and capabilities of the existing generation resource and large load customer.

5d. How should the commission interpret an "anticipated emergency condition"?

TNMP recommended "an anticipated emergency condition" includes emergency conditions as otherwise defined under commission rules or the ERCOT Nodal Protocols.

AEP, ERCOT, Oncor, and TEC recommended using the definition for "emergency condition" in the ERCOT protocols: "an operating condition in which the safety or reliability of the ERCOT System is compromised or threatened, as determined by ERCOT." Moreover, AEP recommended that an "anticipated emergency condition" is one where ERCOT is aware that an "emergency condition" is likely to occur to the point that ERCOT determines that it must take action in order to be prepared for the emergency condition. ERCOT further noted that an "anticipated emergency condition" has historically encompassed capacity emergencies and transmission emergencies. TEC reasoned that ERCOT should have the latitude to deploy generation or curtail large loads in an emergency situation, including local and system-wide emergency conditions.

Similarly, CenterPoint recommended that an "anticipated emergency condition" means a reasonably foreseeable critical condition on the ERCOT system that could lead to the issuance of EEAs and ERCOT's analysis of what constitutes an emergency condition. Oncor and TPPA agreed that an anticipated emergency condition should be interpreted as an anticipated EEA, as determined by ERCOT. However, Oncor and TPPA cautioned against limiting this definition to a system-wide EEA event--an "anticipated emergency condition" must also include anticipated regional or localized emergencies.

Calpine recommended defining "anticipated emergency condition" consistent with the definition for an energy emergency under 16 TAC §25.52(c): "any event that results in or has the potential to result in firm load shed required by the reliability coordinator of a power region in Texas." Similarly, ECX recommended that "an anticipated emergency condition" is an expected or predicted EEA as defined by the ERCOT protocols.

OPUC recommended that an anticipated emergency condition, for purposes of providing advance notice, could be when PRC is expected to fall below 4,000 MW for a sustained period and that actual dispatch of existing generation resources could be expected when PRC falls below 3,000 MW. However, OPUC recommended that specific PRC values not be included in the rule. Instead, the commission should direct ERCOT to develop a procedure, including any required protocol or guide changes necessary to implement the rule. In contrast, DCC recommended that ERCOT should not require large load customers to curtail during a watch period but should instead do so during an EEA.

TCPA recommended that an EEA Level 2.5 is an anticipated emergency condition and noted that the North American Electric Reliability Corporation (NERC) defines an "energy emergency" as "a condition when a load serving entity or balancing authority has exhausted all other resource options and can no longer meet its expected load obligations. TCPA also cautioned against uncompensated emergency action outside the risk of EEA Level 3 resulting from resource insufficiency.

Enchanted Rock and TAEBa recommended that an "anticipated emergency condition" is an EEA. Crusoe, CTEI, and Sierra Club recommended that an "anticipated emergency condition" is an EEA Level 3.

Commission Response

The commission agrees with AEP, ERCOT, Oncor, and TEC that an "emergency condition" should be interpreted consistent with the definition in ERCOT protocols: "an operating condition in which the safety or reliability of the ERCOT System is compromised or threatened, as determined by ERCOT." The commission also agrees with TEC and ERCOT that an emergency

condition encompasses capacity emergencies and transmission emergencies. Therefore, ERCOT should have the latitude to deploy generation and curtail large loads in an emergency condition, including local and system-wide emergency conditions.

General Comments

"Proposed" net metering arrangement

In sections of the proposed rule describing activities occurring prior to the commission issuing its findings related to the net metering arrangement, OPUC recommended adding the descriptor "proposed" in front of "net metering arrangement."

Commission Response

The commission declines to adopt OPUC's recommendation to add the descriptor "proposed" in front of "net metering arrangement" in sections of the adopted rule describing activities occurring prior to the commission issuing its findings related to the net metering arrangement because it is unnecessary.

Broaden the applicability

TPPA recommended defining net metering in a manner that requires all co-located loads participating in a net metering arrangement to be separately metered, with the energy flows measured at the load's meter subject to ancillary service obligations, transmission charges, and line loss charges.

Commission Response

The commission declines to adopt TPPA's recommendation to define net metering in a manner that requires all co-located loads participating in a net metering arrangement to be separately metered, with the energy flows measured at the load's meter subject to ancillary service obligations, transmission charges, and line loss charges because it exceeds the scope of this rulemaking.

Exclude energy storage resources

TPPA recommended that an energy storage resource should not be permitted to participate in a net metering arrangement because such an arrangement violates 16 TAC §25.501(m) (relating to Wholesale Market Design for the Electric Reliability Council of Texas). TPPA reads §25.501(m)(2) to mean that any co-located load not directly consumed by the energy storage resource for resale is subject to retail rates, charges, and fees, including ancillary service obligations and load ratio share allocation. Read in its entirety, TPPA concluded that §25.501(m) requires all loads to pay the applicable retail charges, including retail rates, ancillary service obligations, load ratio share uplift charges, line losses, and transmission system charges.

Eolian and TSSA recommended that TPPA's interpretation conflates settlement separation with interconnection eligibility. According to Eolian and TSSA §25.501 governs the mechanism for settlement, not commission jurisdiction. As long as an ESR's charging energy can be properly metered to separate it from other non-wholesale storage loads (WSL), the ESR's participation in a net metering arrangement does not violate §25.501. Moreover, Eolian noted that concerns about potential cost-shifting appear to reflect a different reading of the statute's purpose and that proper metering, as well as ERCOT's existing oversight processes are designed to prevent cost allocation or settlement errors.

Commission Response

The commission declines to adopt TPPA's recommendation to exclude energy storage resources from participating in a net metering arrangement. Under PURA §39.169, an existing generation resource must obtain approval from the commission before a net metering arrangement can be implemented and an electric utility, municipally owned utility, or electric cooperative may object to the net metering arrangement based on a violation of other law. Moreover, it is the applicants that bear the burden of proving that the net metering arrangement should be approved consistent with all applicable laws. The commission declines to modify the adopted rule to exclude energy storage resources from participating in a net metering arrangement. However, the commission notes that the adopted rule does not address what entities are eligible to participate in a net metering arrangement but simply identifies what entities must comply with the rule if seeking to participate in a net metering arrangement. The commission further notes that the adopted rule does not supplant other applicable laws. Thus, the change is unnecessary.

Objections

DCC recommended that the commission clarify that objections to net metering arrangements are limited to parties that have standing to file a complaint directly related to their relationship with the net metering arrangement.

TEC recommended that the commission develop a form objection for specific situations, such as when an arrangement does not include the electric cooperative or municipally owned utility as the entity with both the obligation and the right to furnish power to the end-consumer.

Commission Response

The commission declines to adopt DCC's recommendation to clarify that objections to net metering arrangements are limited to parties that have standing to file a complaint directly related to their relationship with the net metering arrangement because it is unnecessary. PURA §39.169(g) limits the parties and thereby limits who has standing. Additionally, PURA §39.169(c) identifies the entities that may object to a net metering arrangement. The commission also declines to adopt TEC's recommendation to develop a form objection for specific situations, such as when an arrangement does not include the electric cooperative or municipally owned utility as the entity with both the obligation and the right to furnish power to the end-consumer because it is unnecessary.

Operational implementation and modeling

Eolian recommended that the commission direct ERCOT and the relevant non-opt-in entity or transmission and distribution utility (i.e., the "interconnecting TSP") to perform a unified full interconnection study encompassing both the large load customer and any associated generation resource or energy storage resource that is party to a net metering arrangement and subject to the requirements of PURA §39.169. Eolian reasoned that evaluating a co-located large load customer with the associated generation resource or energy storage resource as a single, netting configuration enables ERCOT to assess their true reliability contribution, rather than overstating both demand and supply through disaggregated modeling.

Commission Response

The commission declines to adopt Eolian's recommendation to direct ERCOT and the relevant non-opt-in entity or transmission and distribution utility to perform a unified full interconnection study encompassing both the large load customer and any as-

sociated generation resource or energy storage resource that is party to a net metering arrangement and subject to the requirements of PURA §39.169. ERCOT has the technical expertise to appropriately determine how best to conduct the study under PURA §39.169. Therefore, the commission declines to make the change.

Supporting study to determine whether a transmission asset is underutilized or stranded

Oncor recommended that the rule clarify the kind of supporting study required to determine whether a transmission asset is underutilized or stranded, and which entity will be responsible for conducting that study. Oncor is not familiar with an existing power flow model that would accurately forecast the annual utilization of a given networked transmission line with an acceptable degree of certainty. There are thousands of variables that impact the flows of power on the network and the utilization of networked assets. However, Oncor noted that this issue is moot if the commission adopts its recommendation to consolidate the definitions for stranded and underutilized transmission assets and define the term as a radial transmission line that is effectively unused as a result of a net metering arrangement other than in times when the now behind-the-meter generation makes available its capacity to the ERCOT market as required by PURA §39.169.

Commission Response

The commission declines to adopt Oncor's recommendation to clarify the kind of supporting study required to determine whether a transmission asset is underutilized or stranded. The commission expects the interconnecting TSP and ERCOT to work together to identify the relevant information for this type of study. Additionally, the commission modifies the adopted rule to add a requirement for the interconnecting TSP to submit the assets and facilities that are de-energized as a result of the net metering arrangement.

Net metering arrangement study process

Oncor recommended that the rule clarify that ERCOT's 120-day study period does not commence until the full suite of interconnection studies, conducted by the TSP, are complete and provided to ERCOT. Any additional study required by ERCOT's study of the arrangement not already included within the large load interconnection study will take well over 120 days to conduct. Oncor further recommended that proposed §25.205(g)(2) could be modified to include a new required submission after (A): "all other transmission security analysis studies required under subsection (h)(2) of this rule, which are to be prescribed during ERCOT's large load interconnection study process."

Commission Response

The commission declines to adopt Oncor's recommendation to modify adopted §25.205(g)(2) to clarify that ERCOT's 120-day study period does not commence until the full suite of interconnection studies, conducted by the TSP, are complete and provided to ERCOT. Instead, the commission addresses Oncor's recommendation in adopted §25.205(d). For additional clarity, the commission modifies adopted §25.205(d) to add a provision that specifically addresses circumstances in which the information submitted to ERCOT by the parties to a net metering arrangement materially changes or new information becomes available.

The commission agrees with Oncor that the adopted rule does not change the large load interconnection process, which ap-

plies equally to any large load customer regardless of whether the large load customer is co-located under the existing large load interconnection study process that in effect now or the proposed batch study process under development, which will have specific study requirements that must be completed by a TSP and/or ERCOT.

Proposed §25.205(a) - Applicability

Proposed §25.205(a) states that the proposed rule applies to a net metering arrangement involving a large load customer and an existing generation resource. Additionally, proposed §25.205(a) states that the proposed rule does not apply to a generation resource or energy storage resource: (1) the registration for which included a co-located large load customer at the time of the generation resource or energy storage resource's energization, regardless of whether the large load customer was energized at a later date; or (2) a majority interest of which is owned indirectly or directly as of January 1, 2025, by a parent company of a customer that participates in the new net metering arrangement.

CenterPoint recommended modifying proposed §25.205(a) to specifically limit the proposed rule to net metering arrangements in the ERCOT region because the scope of PURA §39.169 is limited to the ERCOT region.

Eolian recommended modifying proposed §25.205(a) to reference the full interconnection study rather than ERCOT registration as the relevant point for determining whether a generation resource or energy storage resource with a co-located large load is exempt from the proposed rule.

TCPA and Vistra recommended modifying proposed §25.205(a) to clarify and reflect that the proposed rule applies to implementation of a net metering arrangement, not the actual contract. TCPA and Vistra also recommended conforming changes throughout the proposed rule.

TPPA recommended modifying proposed §25.205(a)(1) to specify the applicable date as September 1, 2025 consistent with the effective date of Senate Bill 6.

TAEBA recommended modifying proposed §25.205(a)(1) and (2) to state: "the generation or energy storage resource" instead of "registration for which" and "which is."

Commission Response

The commission adopts CenterPoint's recommendation to modify adopted §25.205(a) to specifically state the rule applies to net metering arrangements in the ERCOT region.

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(a) to reference the full interconnection study rather than ERCOT registration as the relevant point for determining whether a generation resource or energy storage resource with a co-located large load is exempt from the adopted rule. ERCOT registration is consistent with PURA §39.169(a), which states that a power generation company, municipally owned utility, or electric cooperative must submit a notice to ERCOT before implementing a net metering arrangement between an operating facility registered with ERCOT as a stand-alone generation resource as of September 1, 2025, and a new large load customer.

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(a) to state that the adopted rule applies to implementation of a net metering arrangement. The commission does not approve implementation

of the net metering arrangement but rather approves the net metering arrangement and determines whether to impose conditions, such as ongoing, operational requirements, before implementation may occur.

The commission declines to adopt TPPA's recommendation to modify adopted §25.205(a)(1) to specify the applicable date as September 1, 2025 because it is unnecessary. On September 19, 2025, ERCOT identified and publicly filed in Project No. 58317, SB 6 Implementation, and in this project, each generation resource and energy storage resource that the adopted rule will apply to base on their status as of September 1, 2025.

The commission substantively adopts TAEBA's recommendation to modify adopted §25.205(a)(1) by replacing "registration of which" with "generation resource or energy storage resource." Specifically, the commission modifies adopted §25.205(a)(1) by replacing "registration of which" with "the modeled generation resource or energy storage facility." The commission adopts TAEBA's recommendation to modify adopted §25.205(a)(2) by replacing "which is" with "generation resource or energy storage resource."

Proposed §25.205(b) - Definitions

Proposed §25.205(b) sets forth the definitions for specific terms used in the proposed rule.

Add a new definition for application

TCPA recommended adding a new definition that defines "application" to mean a filing for approval by the parties with the commission as required under subsection (d) to obtain commission approval to implement the net metering arrangement. TCPA reasoned that the addition of this definition provides a clear point in time that triggers the beginning of the statutory 180-day timeframe for the process, as well as the discovery timeline for the contested case.

Commission Response

The commission declines to adopt TCPA's recommendation to add a new definition that defines "application" to mean a filing for approval by the parties with the commission as required under subsection (d) to obtain commission approval to implement the net metering arrangement because it is unnecessary. The clear point in time that triggers the beginning of the statutory deadlines for the process is when ERCOT determines that it has all the necessary information to conduct the study. Adopted §25.205(g)(3) provides this clarity by requiring ERCOT to conduct its study upon receipt of all necessary information and within seven days of commencing its study to file notice in the docket indicating the date that ERCOT commenced its study and the date ERCOT must file its study results and recommendations. This aligns with PURA §39.169(d), which requires ERCOT to study the system impacts of a proposed net metering arrangement and removal of generation after receiving all information regarding the arrangement that is required by ERCOT.

Add a new definition for interconnecting utility

CenterPoint recommended adding a new definition that defines "interconnecting utility" to mean both the electric cooperative, transmission and distribution utility, or municipally owned utility that is interconnected with the existing generation resource who is entering into a net metering arrangement and, if different entities, the electric cooperative, transmission and distribution utility, or municipally owned utility that is responsible for interconnecting with the large load customer who is entering into a net meter-

ing arrangement. Similarly, Eolian recommended adding a new definition that defines "interconnecting utility" to mean the transmission or distribution utility (including a municipally owned utility or electric cooperative) that owns or operates the facilities at the point of interconnection used by the net metering arrangement.

Commission Response

The commission declines to adopt CenterPoint's recommendation to add a new definition that defines "interconnecting utility" to mean both the electric cooperative, transmission and distribution utility, or municipally owned utility that is interconnected with the existing generation resource who is entering into a net metering arrangement and, if different entities, the electric cooperative, transmission and distribution utility, or municipally owned utility that is responsible for the interconnecting with the large load customer who is entering into a net metering arrangement because it is unnecessary. To maintain consistency across the rules implementing Senate Bill 6, the commission uses the phrases "interconnecting TSP" and "interconnecting DSP." The commission modifies adopted §25.205(b) to add definitions for these terms.

Add a new definition for parties

TEC recommended adding a new definition for "parties to a net metering arrangement" to mean the parties to a net metering arrangement shall include at least the existing generation resource, the large load customer, and any electric cooperative or municipally owned utility certificated to interconnect or provide retail electric utility service at the location of the net metering arrangement.

Commission Response

The commission declines to adopt TEC's recommendation to add a new definition for "parties to a net metering arrangement" to mean the parties to a net metering arrangement shall include at least the existing generation resource, the large load customer, and any electric cooperative or municipally owned utility certificated to interconnect or provide retail electric utility service at the location of the net metering arrangement because it is unnecessary. However, the commission modifies adopted §25.205(b)(1) to clarify within the definition for applicants that the applicants are the large load customer and the power generation company, municipally owned utility, or electric cooperative that are parties to a net metering arrangement for which approval is sought.

Add a new definition for PUN

CenterPoint and OPUC recommended adding a new definition for "PUN." CenterPoint recommended defining PUN to mean a non-utility owned interconnection facility.

Commission Response

The commission declines to adopt CenterPoint and OPUC's recommendation to add a new definition for "PUN." However, the commission replaces references in the adopted rule to "PUN load" with "modeled load other than auxiliary load" for added clarification.

Add a new definition for dispatchable capacity

Sierra Club recommended adding a new definition that defines "dispatchable capacity" as power generation resources, including energy storage resources, that can be instructed by ERCOT to increase or decrease their output in response to real-time grid conditions to meet electricity demand, and are not powered by renewable resources.

Commission Response

The commission adopts Sierra Club's recommendation to add a new definition for "dispatchable capacity." However, the commission defines "dispatchable capacity" as output capacity that can be controlled primarily by forces under human control.

Add a new definition for necessary information

Vistra recommended adding a new definition that defines "necessary information" as the discrete list of information designated by ERCOT in a market notice, protocol, planning guide, or other binding document specifically identified and which sets forth the specific information regarding a net metering arrangement required to be submitted to ERCOT in order for ERCOT to begin its system reliability study under this section. Vistra also recommended modifying proposed §25.205(g)(1) and (2)(C) and proposed §25.205(i) to make conforming changes by replacing references to "information that ERCOT deems necessary" with the newly defined term, "necessary information."

Commission Response

The commission declines to adopt Vistra's recommendation to add a new definition for "necessary information" and therefore also declines to adopt Vistra's recommended conforming changes. The necessary information that must be submitted to ERCOT is best addressed by ERCOT and does not require commission direction through the adopted rule.

Proposed §25.205(b)(1) - Definition for applicants

Proposed §25.205(b)(1) defines applicants as the parties to a net metering arrangement for which approval is sought under this section.

TEC recommended modifying proposed §25.205(b)(1) to define applicants as the parties to a net metering arrangement that apply for approval of the arrangement under this section.

TPPA recommended modifying proposed §25.205(b)(1) to specify that "applicants" refers exclusively to the large load customer and the generation resource.

Commission Response

The commission declines to adopt TEC's recommendation to modify adopted §25.205(b)(1) to define "applicants" as the parties to a net metering arrangement because it is unnecessary. The commission substantively adopts TPPA's recommendation to modify adopted §25.205(b)(1) to specify that "applicants" refers exclusively to the large load customer and the generation resource that are parties to the net metering arrangement for which approval is sought. The commission modifies adopted §25.205(b)(1) to specify that "applicants" refers exclusively to the large load customer and the owner of the existing generation resource that are parties to the net metering arrangement for which approval is sought. The commission further notes that any approval of a net metering arrangement will apply only to the applicants and is not transferable or assignable without commission approval. The approval is exclusively for the applicants and is not a transferrable right to non-applicants.

Proposed §25.205(b)(2) - Definition for energy storage resource

Proposed §25.205(b)(2) defines an energy storage resource as an energy storage system registered with ERCOT as an energy storage resource for the purpose of providing energy or ancillary services to the ERCOT grid and associated facilities that are behind the system's point of interconnection, necessary for the op-

eration of the system, and not part of a manufacturing process that is separate from the generation of electricity.

OPUC recommended modifying proposed §25.205(b)(2) to broaden the definition by referencing all processes instead of manufacturing processes and clarify that "generation of electricity" is intended for delivery to the ERCOT system.

Eolian recommended modifying proposed §25.205(b)(2) to cite the definition for an energy storage resource in the ERCOT protocols.

Consistent with its general comments that an energy storage resource should not be authorized to participate in a net metering arrangement, TPPA recommended modifying the proposed rule to remove the definition for energy storage resource and all references to the term in the proposed rule.

Commission Response

The commission declines to adopt OPUC's recommendation to modify adopted §25.205(b)(3) to broaden the definition by referencing all processes instead of manufacturing process and clarify that "generation of electricity" is intended for delivery to the system. Instead, the commission adopts Eolian's recommendation to modify adopted §25.205(b)(3) to cite to the definition for an energy storage resource in ERCOT protocols to maintain consistency across the commission rules and ERCOT protocols.

The commission declines to adopt TPPA's recommendation to remove the definition for energy storage resource and all references to the term in the rule because the commission declines to adopt TPPA's general recommendation to explicitly exclude energy storage resources from the rule's applicability. Therefore, the recommended change is unnecessary.

Proposed §25.205(b)(3) - Definition for an existing generation resource

Proposed §25.205(b)(3) defines an existing generation resource as a generation resource registered with ERCOT as a stand-alone generation resource as of September 1, 2025 or an energy storage resource registered with ERCOT as a stand-alone energy storage resource as of September 1, 2025.

Eolian recommended modifying proposed §25.205(b)(3) to replace "registered" with "operating" and to clarify that the cutoff date applies to facilities operating and registered with ERCOT as of September 1, 2025. Eolian reasoned that this change implements PURA §39.169(a)(9), which explicitly references "operating facilities registered with ERCOT," and ensures that only active, available, or dispatchable units are captured--excluding mothballed, retired, or otherwise dormant assets.

TPPA recommended modifying proposed §25.205(b)(3) to expand the definition for an "existing generation resource" to include any generation resource that does not have a net metering arrangement request upon initial registration with ERCOT, regardless of when the resource was or is built. TPPA reasoned that PURA §39.169 prescribes the arrangements that the commission must review but does not prohibit the commission from reviewing all net metering arrangements more holistically.

Commission Response

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(b)(5) to replace "registered" with "operating" to ensure that only active available, or dispatchable units are captured--excluding mothballed, retired, or otherwise dormant assets--because it is unnecessary.

The commission declines to adopt TPPA's recommendation to modify adopted §25.205(b)(5) to expand the definition for an "existing generation resource" to include any generation resource that does not have a net metering arrangement request upon initial registration with ERCOT, regardless of when the resource was or is built. PURA §39.169 applies to an operating facility registered with ERCOT as a stand-alone generation resource as of September 1, 2025. Therefore, broadening the applicability of the adopted rule would exceed the commission's statutory authority and render the registration status meaningless, which is inconsistent with Texas Government Code §311.021(2).

Proposed §25.205(b)(4) - Definition for generation resource

Proposed §25.205(b)(4) defines a generation resource as a generator registered with ERCOT as a generation resource and capable of providing energy or ancillary services to the ERCOT grid, as well as associated facilities that are behind the generator's point of interconnection, necessary for the operation of the generator, and not part of a manufacturing process that is separate from the generation of electricity.

OPUC recommended modifying proposed §25.205(b)(4) to broaden the definition by referencing all processes instead of manufacturing processes and clarify that "generation of electricity" is intended for delivery to the ERCOT system.

Eolian recommended modifying proposed §25.205(b)(4) to cite to the definition for a generation resource in the ERCOT protocols.

TPPA recommended modifying proposed §25.205(b)(4) to mirror the definition for a generation resource in the ERCOT protocols.

Commission Response

The commission declines to adopt OPUC's recommendation to modify adopted §25.205(b)(6) to broaden the definition by referencing all processes instead of manufacturing process and clarify that "generation of electricity" is intended for delivery to the system. The commission also declines to adopt TPPA's recommendation to modify adopted §25.205(b)(6) to mirror the definition for a generation resource in the ERCOT protocols. Instead, the commission adopts Eolian's recommendation to modify adopted §25.205(b)(6) to cite the definition for a generation resource in the ERCOT protocols to maintain consistency across the commission rules and ERCOT protocols.

Proposed §25.205(b)(5) - Definition for large load customer

Proposed §25.205(b)(5) defines a large load customer as a customer that requests a new or expanded interconnection where the total load at a single site is equal to or greater than 75 megawatts (MW), and as of September 1, 2025, was not modeled in ERCOT's Network Operations Model as part of a generation resource PUN or an energy storage resource PUN.

Specify interconnection is at transmission voltage

OPUC recommended modifying proposed §25.205(b)(5) to specify load that is connected at transmission voltage. OPUC reasoned that loads greater than 50 MW are connected at transmission voltage and removing the involvement of DSPs may simplify roles and responsibilities.

Commission Response

The commission declines to adopt OPUC's recommendation to modify adopted §25.205(b)(9) to specify that the definition applies to a load that is connected at transmission voltage because

the relevant determination is the size of the load, not the voltage level that the large load customer interconnects. Moreover, removing involvement of a DSP may not simplify roles because regardless of the voltage level that a large load customer interconnects, a generation resource cannot sell power directly to an end-use consumer. Thus, the DSP that is certificated to provide retail electric service in the service area in which the large load customer is located or seeks interconnection must necessarily be involved.

Reduce the demand threshold to 25 MW

Sierra Club recommended modifying proposed §25.205(b)(5) to change the demand threshold for identifying a large load customer from 75 MW to 25 MW.

Commission Response

The commission declines to adopt Sierra Club's recommendation to modify adopted §25.205(b)(9) to change the demand threshold for identifying a large load customer from 75 MW to 25 MW. The 75 MW demand threshold aligns with the commission's approach in other rules implementing Senate Bill 6 and qualitative analysis has not been provided indicating that a lower demand threshold is appropriate to achieve the objectives specific to implementing PURA §39.169. To further maintain consistency, the commission modifies the definition for a large load customer to better align the definition with that used in other rules implementing Senate Bill 6.

Remove reference to expanded

TCPA and Vistra recommended modifying proposed §25.205(b)(5) to remove reference to "expanded" because unlike PURA §37.0561, PURA §39.169(a) is limited to new interconnections.

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(b)(9) to remove reference to "expanded." PURA §39.169(a) specifically cites to the description for a large load customer in PURA §37.0561(c). PURA §37.0561(c) describes a large load customer as a customer requesting new or expanded interconnection where the total load at a single site would exceed a demand threshold established by the commission based on the size of loads that significantly impact transmission needs in the ERCOT power region. PURA §37.0561(c) also states the commission must establish a demand threshold of 75 MW unless the commission determines that a lower threshold is necessary to accomplish the purposes described by PURA §37.0561(b). Thus, the commission determines that based on a plain reading of the language in the statute, a new large load customer as described by PURA §37.0561(c) encompasses the full description in PURA §37.0561, including a customer requesting expanded interconnection that would result in the total load at a single site exceeding 75 MW. Moreover, limiting the definition to only customers requesting a new interconnection would open the door to gamesmanship. Thus, the commission determines that the definition in adopted §25.205(b)(9) aligns with a plain reading of PURA §39.169, is unambiguous, and results in a good policy outcome. Therefore, the commission declines to make the recommended changes.

Remove "and as of September 1, 2025, was not modeled in ERCOT's Network Operations Model as part of a generation resource PUN or an energy storage resource PUN"

TCPA, TPPA, and Vistra recommended modifying proposed §25.205(b)(5) to remove "and as of September 1, 2025, was not modeled in ERCOT's Network Operations Model as part of a generation resource PUN or an energy storage resource PUN." TCPA noted that this language is not part of the statute. TPPA reasoned that "private use network" is not defined in PURA, commission rules, or ERCOT protocols, and the date does not seem relevant to the applicability of the definition. Vistra reasoned that a customer is not modeled and the presence of a customer's load in the model is not a relevant consideration.

Commission Response

The commission declines to adopt TCPA, TPPA, and Vistra's recommendation to modify adopted §25.205(b)(9) to remove "and as of September 1, 2025, was not modeled in ERCOT's Network Operations Model as part of a generation resource private use network (PUN) or an energy storage resource PUN." The date is meaningful insofar as PURA §39.169(a) requires notice to ERCOT before implementing a net metering arrangement between an operating facility registered with ERCOT as a stand-alone generation resource as of September 1, 2025, and a new large load customer. Additionally, the commission notes that PUN is defined in ERCOT protocols and is a meaningful term. The commission also notes that while this language is not part of the statute, the purpose of rules is to fill in the gaps in statutes. Finally, the commission determines that the presence of a customer's load in the model is a relevant consideration because it gives meaning to PURA §39.169(b)(2), which states the statute does not apply to a generation resource, the registration for which included a co-located large load customer at the time of energization, regardless of whether the load was energized at a later date.

Proposed §25.205(b)(6) - Definition for large load interconnection study

Proposed §25.205(b)(6) defines a large load interconnection study to have the same meaning as defined in ERCOT protocols.

TPPA recommended modifying proposed §25.205(b)(6) to incorporate the full definition from the ERCOT protocols directly into the proposed rule, rather than referencing the protocols. TPPA reasoned that this approach would prevent potential issues arising from future changes to the ERCOT protocols that could impact the rule without consideration of their effects.

Commission Response

The commission declines to adopt TPPA's recommendation to modify the definition for large load interconnection study to incorporate the full definition from the ERCOT protocols directly into the adopted rule, rather than referencing the protocols. Instead, the commission removes the definition from the adopted rule because the definition is unnecessary.

Proposed §25.205(b)(7) - Definition for net metering arrangement

Proposed §25.205(b)(7) defines a net metering arrangement as a contractual arrangement in which an existing generation resource and a large load customer agree to net the generation resource's output with the customer's load for settlement purposes based on a net metering scheme approved by ERCOT.

Calpine recommended modifying proposed §25.205(b)(7) to strike the reference to "contractual" because a contractual arrangement is unnecessary. Calpine reasoned that netting is

established through the existing settlement procedures in the ERCOT protocols regardless of a written agreement.

Eolian recommended modifying proposed §25.205(b)(7) to clarify that a net metering arrangement is a contractual arrangement between an existing generation resource or energy storage resource and a new large load customer. Eolian reasoned that this change identifies the responsible parties consistent with ERCOT's market and metering structure, thereby improving transparency regarding compliance obligations. Moreover, the change aligns the proposed rule with ERCOT's operational treatment of paired generation and load configurations, supports accurate registration and telemetry, and reduces potential ambiguity in future applications.

TPPA recommended modifying proposed §25.205(b)(7) consistent with its general comments recommending that the commission ensure that meters serving large load customers are still allocated ancillary service obligations, transmission costs, load ratio share uplift charges, and charges associated with line losses.

Commission Response

The commission adopts Calpine's recommendation to modify adopted §25.205(b)(10) to remove the reference to "contractual" because the term "contractual" could be interpreted to narrow the applicability of the adopted rule, which is not the intent. There may be aspects of a net metering arrangement that are not reflected in a contract but may be subject to the requirements of the adopted rule. For added clarity, the commission notes that the change does not alter the relevance of a contract in a contested case proceeding evaluating a net metering arrangement.

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(b)(10) to state that a net metering arrangement is a contractual arrangement between an existing generation resource or energy storage resource and a new large load customer because it is unnecessary. The commission declines to adopt TPPA's recommendation to modify adopted §25.205(b)(10) to ensure that meters serving large load customers are still allocated ancillary service obligations, transmission costs, load ratio share uplift charges, and charges associated with line losses because it is outside the scope of this rulemaking and is unnecessary. The commission has other pending rules that will address a large load customer's contribution to system upgrades and the ERCOT protocols already address how ERCOT settles net metering.

Proposed §25.205(b)(8) - Definition for stand-alone energy storage resource

Proposed §25.205(b)(8) defines a "stand-alone energy storage resource" as an energy storage resource that, as of September 1, 2025, was included in ERCOT's Network Operations Model and such model of the resource site did not include a PUN load.

TPPA recommended modifying proposed §25.205(b) to remove proposed §25.205(b)(8) consistent with TPPA's recommendation to exclude energy storage resources from the proposed rule.

Vistra recommended modifying proposed §25.205(b)(8) to define a stand-alone energy storage resource as one that, as of September 1, 2025, was registered with ERCOT as a resource and for which a transmission and distribution service provider had not begun a large load interconnection study for a load to be netted with the resource. Vistra reasoned that the definition in proposed §25.205(b)(8) runs counter to the statute's general objectives and imposes additional burdens, conditions, or restrictions in excess of and inconsistent with PURA §39.169. Vistra

noted that the Legislature declared in PURA §37.0561(b) that the overall objective for interconnecting large load customers is to support business development in this state while maintaining system reliability. Additionally, *Vistra* cited to a discussion on the floor of the Texas House of Representatives in support of its assertion that the key legislative goals are to "not slow down large load projects that are currently in the works" and to "not add new processes or requirements" for projects for which the parties signed a contract for services before September 1, 2025.

Vistra also noted that under the definition in proposed §25.205(b)(8), a stand-alone energy storage resource would have needed to have submitted an application to include a PUN by May 1, 2025 to achieve the status set forth in the proposed definition. Thus, *Vistra* reasoned that the proposed definition effectively turns a September 1, 2025 cut-off date into a May 1, 2025 cut-off date. Moreover, *Vistra* asserted that the excessive burden of the proposed rule's approach can be demonstrated by noting that, to obtain regulatory predictability, an entity would have had to have predicted the outcome of Senate Bill 6 and would have needed to have taken the steps to make filings at ERCOT during the first few months of the Legislative session, before the bill had a substantive hearing in the Texas House, which occurred on May 7, 2025.

Finally, *Vistra* asserted that "stand-alone energy storage resource" should be interpreted consistent with the Texas Code Construction Act and based on legislative intent, the object sought to be attained (economic development), legislative history, and the consequences of a particular construction. For the same reasons, *Vistra* also recommended conforming changes to proposed §25.205(b)(9), which defines a "stand-alone generation resource."

Commission Response

The commission declines to adopt TPPA's recommendation to remove the definition for a stand-alone energy storage resource because the commission declines to adopt TPPA's general recommendation to exclude energy storage resources from the applicability of the adopted rule. Therefore, the change is unnecessary.

The commission declines to adopt *Vistra*'s recommendation to modify adopted §25.205(b)(11) to define a stand-alone energy storage resource as one that, as of September 1, 2025, was registered with ERCOT as a resource and for which a transmission and distribution service provider had not begun a large load interconnection study for a load to be netted with the resource. An energy storage resource's status as of September 1, 2025 is appropriately determined by looking at whether ERCOT's system information reflected the addition of a large load customer at the energy storage resource site as of September 1, 2025. The addition of a large load customer would have required a change to reflect that load in ERCOT's Network Operations Model. Therefore, it is appropriate to consider an energy storage resource to be a stand-alone energy storage resource as of September 1, 2025 if the resource was (1) included in ERCOT's Network Operations Model as of September 1, 2025, and (2) the modeled energy storage facility that included the energy storage resource did not include a modeled load other than auxiliary load as of that date.

In support of its recommended definition for a stand-alone energy storage resource, *Vistra* cites PURA §37.0561, which requires the commission to establish standards for interconnecting large load customers in the ERCOT power region in a man-

ner designed to support business development while minimizing the potential for stranded infrastructure costs and maintaining system reliability. The commission notes that while a large load customer requesting interconnection must comply with the requirements set forth in PURA §37.0561 and the stated purpose of PURA §37.0561 governs those requirements, PURA §37.0561(b) does not govern the commission's implementation of PURA §39.169 except where explicitly cited, such as the definition for a large load customer. However, even if the stated purpose of PURA §37.0561(b) did govern the commission's implementation of PURA §39.169, *Vistra*'s assertion that the definition for a stand-alone energy storage resource runs counter to the statute's general objectives and imposes additional burdens, conditions, or restrictions in excess of and inconsistent with PURA §39.169 is unfounded.

The commission first notes that the Texas Supreme Court has stated a statute's objective is discerned from its plain text. *Tex. Bd. Of Chiropractic Exam'rs v. Tex. Med. Ass'n*, 616 S.W.3d 558, 569 (Tex. 2021) (citing *Tex. State Bd. Of Exam'rs of Marriage & Fam. Therapists v. Tex. Med. Ass'n*, 511 S.W.3d 28, 33 (Tex. 2017)). Moreover, the Texas Supreme Court takes statutes as it finds them, presuming the Legislature included words that it intended to include and omitted words it intended to omit. *Union Carbide Corp. v. Synatzske*, 438 S.W.3d 39, 52 (Tex. 2014). Notably, *Vistra* relies on a discussion on the floor of the Texas House of Representatives in support of its assertion that the key legislative goals are to "not slow down large load projects that are currently in the works" and to "not add new processes or requirements" for projects for which the parties signed a contract for services before September 1, 2025. However, these goals are not stated in PURA §39.169. Therefore, the commission determines, based on the guidance of the Texas Supreme Court in interpreting statutes, that the commission's interpretation of the Legislature's intent must be guided by the plain language of PURA §39.169.

Relatedly, PURA §39.169 requires the commission to evaluate whether to approve, with or without conditions, or deny a net metering arrangement and authorizes the commission to impose reasonable conditions on the proposed net metering arrangement as necessary to maintain system reliability, including transmission security and resource adequacy. Thus, based on the plain text of the statute, the commission determines that the legislative goal was to support business development by continuing to permit net metering arrangements but to balance that support with maintaining system reliability by granting the commission oversight authority to impose reasonable conditions to maintain system reliability. Additionally, the commission notes that the Legislature was concerned about customers in the ERCOT region paying for stranded or underutilized transmission assets, and therefore the Legislature explicitly included in PURA §39.169 that the commission may impose a condition holding customers harmless for stranded or underutilized transmission assets.

Second, the commission notes that "stand-alone" is not defined in PURA, commission rules, or ERCOT protocols, nor does it exist as a unique registration category. Thus, it is appropriate for the commission to interpret the statutory language "registered with the independent organization as a stand-alone generation resource" as describing the resource's registration status at a point in time. "Stand-alone" in this context indicates that the energy storage resource or generation resource is not co-located with a large load customer. Because stand-alone generation resource is not a defined registration category, the resource's

registration status as a stand-alone generation resource at any point in time is best reflected by ERCOT's Network Operations Model, which indicates whether a large load customer is co-located with an energy storage resource or a generation resource in a PUN. Therefore, the commission determines that it is appropriate to define a stand-alone energy storage resource as an energy storage resource that, as of September 1, 2025, was included in ERCOT's Network Operations Model and such model of the resource site did not include modeled load other than auxiliary load.

Finally, the commission disagrees with Vistra's assertion that the adopted rule imposes an excessive burden, which according to Vistra can be demonstrated by noting that, to obtain regulatory predictability, an entity would have had to have predicted the outcome of Senate Bill 6 and would have needed to have taken the steps to make filings at ERCOT during the first few months of the Legislative session, before the bill had a substantive hearing in the Texas House, which occurred on May 7, 2025. Anytime a new law is enacted, it impacts entities on a going forward basis. This is not an excessive burden. Moreover, while regulatory predictability provides benefits, the inability to determine in advance whether an entity might consider a different course of action, is not an excessive burden. Nor is an excessive burden the legal standard for statutory interpretation.

Proposed §25.205(b)(9) - Definition for stand-alone generation resource

Proposed §25.205(b)(9) defines a "stand-alone generation resource" as a generation resource that, as of September 1, 2025, was included in ERCOT's Network Operations Model and such model of the resource site did not include a PUN load.

TPPA recommended removing the reference to "PUN" and broadening the definition to ensure that any future generation resource built and energized without an associated net metering arrangement would also be required to comply with the processes outlined in the proposed rule.

Consistent with its recommended changes to proposed §25.205(b)(8), Vistra recommended conforming changes to proposed §25.205(b)(9).

Commission Response

The commission adopts TPPA's recommendation to modify adopted §25.205(b)(12) to remove the reference to "PUN." Accordingly, the commission modifies adopted §25.205(b)(12) to replace the reference to "PUN load" with "modeled load other than auxiliary load." The commission declines to adopt TPPA's recommendation to modify adopted §25.205(b)(12) to broaden the definition to ensure that any future generation resource built and energized without an associated net metering arrangement would also be required to comply with the processes outlined in the proposed rule. PURA §39.169 applies to an operating facility registered with ERCOT as a stand-alone generation resource as of September 1, 2025. Therefore, broadening the applicability of the adopted rule would render the registration status on September 1, 2025 meaningless, which is inconsistent with Texas Government Code §311.021(2).

The commission declines to adopt Vistra's recommendation to modify adopted §25.205(b)(12) to conform with Vistra's recommended changes to adopted §25.205(b)(11) because the commission declines to adopt Vistra's recommended changes to adopted §25.205(b)(11).

Proposed §25.205(b)(10) - Definition for stranded transmission asset

Proposed §25.205(b)(10) defines a stranded transmission asset as a transmission asset that, as a result of a net metering arrangement, is no longer providing service to the public or may otherwise be retired from service without impairing the ability of the transmission system to provide adequate transmission service to customers.

Satoshi recommended modifying proposed §25.205(b)(10) to provide clarity and promote consistent application by replacing "is no longer providing service to the public or may otherwise be retired from service without impairing the ability of the transmission system to provide adequate transmission service to customers" with "results in a permanently de-energized electrical bus from the transmission system."

If its primary recommendation to consolidate the definitions for "stranded transmission asset" and "underutilized transmission asset" is not adopted, then TSSA recommended modifying proposed §25.205(b)(10) to state: "a transmission asset that is necessary to maintain system reliability but is no longer used and useful in the provision of electric service as a result of a net metering arrangement."

OPUC recommended replacing the definition in proposed §25.205(b)(10) with: "a transmission asset that was primarily built to interconnect a generation resource to the system, but as a result of a net metering arrangement, never materialized or was used in providing service to the public."

Commission Response

The commission declines to adopt Satoshi's recommendation to modify adopted §25.205(b)(13) by replacing "is no longer providing service to the public or may otherwise be retired from service without impairing the ability of the transmission system to provide adequate service to customers" with "results in a permanently de-energized electrical bus from the transmission system." Satoshi's recommended language describes the action taken in the event of a stranded asset being identified rather than describes what a stranded asset is. Therefore, the commission declines to adopt the recommended change.

The commission declines to adopt TSSA's recommendation to modify adopted §25.205(b)(13) to state: "a transmission asset that is necessary to maintain system reliability but is no longer used and useful in the provision of electric service as a result of a net metering arrangement." PURA §39.169(d)(3) authorizes the commission to impose conditions, including a requirement that customers be held harmless for stranded or underutilized transmission assets resulting from the behind-the-meter operation. PURA §39.169(d)(3) does not specify that the condition is limited to only those transmission assets that are necessary to maintain system reliability. Moreover, it is in the public interest to ensure that customers are held harmless for all transmission assets that are stranded or underutilized as a result of a net metering arrangement, not just for those transmission assets that are necessary to maintain system reliability.

The commission declines to adopt OPUC's recommendation to replace the definition for stranded transmission asset with "a transmission asset that was primarily built to interconnect a generation resource to the system, but as a result of a net metering arrangement, never materialized or was used in providing service to the public." The recommended language could be read to narrow the transmission assets that customers may be held

harmless for to only those that were built for the intended purpose of serving a generation resource. PURA §39.169(d)(3) does not limit the condition to those transmission assets that are primarily built to interconnect a generation resource to the system and never materialized or were used in providing service to the public.

Proposed §25.205(b)(10) and (12) - Definitions for stranded transmission asset and underutilized transmission asset

Proposed §25.205(b)(10) defines a stranded transmission asset as a transmission asset that, as a result of a net metering arrangement, is no longer providing service to the public or may otherwise be retired from service without impairing the ability of the transmission system to provide adequate transmission service to customers. Proposed §25.205(b)(12) defines an underutilized transmission asset as a transmission asset that, as a result of a net metering arrangement, is expected to transmit, on an average, annual basis at least 25% less power and is not providing significant reliability benefits to the system commensurate with its ability to transmit power.

Calpine, CenterPoint, Oncor, TCPA, TSSA, and Vistra recommended consolidating the definitions for stranded transmission asset and underutilized transmission asset set forth in proposed §25.205(b)(10) and (12). Specifically, Oncor recommended using a single definition to define stranded or underutilized transmission asset as a radial transmission line that is effectively unused as a result of a net metering arrangement other than in times when the now behind-the-meter generation makes available its capacity to the ERCOT market as required by PURA §39.169. Oncor reasoned that this definition would clarify the scope of these assets to only radial connections to existing generation resources. This is appropriate because radial lines are the only assets that will be rendered stranded or underutilized by net metering arrangements. Non-radial assets remain useful to the system due to the way an electric grid functions and adapts to various contingencies on a day in and day out basis. Networked transmission lines cannot be, by definition, stranded or underutilized assets because they provide essential alternate pathways for power to flow on the system regardless of average usage. Calpine and CenterPoint supported Oncor's recommendation and reasoning to consolidate the two definitions. However, Calpine recommended removing "effectively" from Oncor's proposed recommended change because the term is ambiguous.

TCPA recommended keeping the definition for stranded transmission asset but using that definition for "stranded or underutilized transmission asset." TCPA reasoned that transmission infrastructure is not valued on its annual average power flow generally, so to do so singularly in this rule would be an arbitrary distinction--especially given a fair presumption that many net metering arrangements subject to PURA §39.169(d)(3) will be flexible and include criteria for the generation resource's output to flow back over those transmission facilities to other loads. If its primary recommendation to modify proposed §25.205(b)(12) is not adopted, then Vistra recommended, in the alternative, consolidating the definitions for stranded transmission asset and underutilized transmission asset, as proposed by TCPA.

TSSA recommended using the following for the consolidated definition: "a transmission asset that is necessary to maintain system reliability but is no longer used and useful in the provision of electric service as a result of a net metering arrangement." TSSA reasoned that PURA §39.169(d)(3) limits the commission's authority to impose a condition, including a condition

that holds customers harmless for "stranded or underutilized transmission assets" resulting from a net metering arrangement, only as necessary to maintain system reliability. Thus, the plain language of the statute authorizes the commission "to approve, deny, or impose reasonable conditions on the proposed net metering arrangement as necessary to maintain system reliability, including transmission security and resource adequacy impact."

Commission Response

The commission declines to adopt Calpine, CenterPoint, Oncor, TCPA, TSSA and Vistra's recommendation to consolidate the definitions for stranded transmission asset and underutilized transmission asset. Stranded and underutilized are not synonymous terms. Moreover, Texas Government Code §311.021(2) states that the entire statute is presumed to be effective, which means that each word is presumed to have meaning. Therefore, the commission concludes that separate and distinct definitions should be maintained for stranded transmission assets and underutilized transmission assets. The commission also disagrees with TSSA's interpretation of PURA §39.169(d)(3). PURA §39.169(d)(3) specifically enumerates holding customers harmless as a condition that the commission may impose and does not limit that condition to stranded or underutilized transmission assets that are necessary to maintain system reliability.

Proposed §25.205(b)(11) - Definition for system

Proposed §25.205(b)(11) defines "system" as the bulk power system in the ERCOT region.

Eolian recommended modifying proposed §25.205(b)(11) to cite to the definition for "system" in the ERCOT protocols.

Commission Response

The commission adopts Eolian's recommendation to modify the definition for system to cite to the definition for "ERCOT system" in the ERCOT protocols. The commission also adds "ERCOT" in front of "system" to denote the term being defined is "ERCOT system" and modifies adopted §25.205(b) to place "ERCOT system" in alphabetical order of the other definitions.

Proposed §25.205(b)(12) - Definition for underutilized transmission asset

Proposed §25.205(b)(12) defines an underutilized transmission asset as a transmission asset that, as a result of a net metering arrangement, is expected to transmit, on an average, annual basis at least 25% less power and is not providing significant reliability benefits to the system commensurate with its ability to transmit power.

Calpine and Vistra recommended modifying proposed §25.205(b)(12) to remove the reference to a specific percentage so as to allow the commission flexibility in its assessment of whether a transmission asset is underutilized. Additionally, Calpine and Vistra recommended modifying proposed §25.205(b)(12) to state that an underutilized transmission asset is one that is providing no reliability benefit rather than one that provides no significant reliability benefit.

CenterPoint noted that not all transmission assets transmit power and the meaning of "25% less power" as used in the definition for underutilized transmission asset is ambiguous. Twenty-five percent less power could mean a transmission reduction of at least 25% as measured against (1) the nameplate capacity of the generation resource, (2) the amount of power actually transmitted to the ERCOT system from the generation resource during the previous year, or (3) some other baseline.

Therefore, CenterPoint recommended modifying proposed §25.205(b)(12) to add clarity to the definition for underutilized transmission asset.

OPUC recommended replacing the definition in proposed §25.205(b)(12) with: "a transmission asset that was already built to connect a generation resource to the system, and was used by the generation resource to transmit power to the system, but as a result of the net metering arrangement, is no longer used to transmit power to the system but for emergencies to sustain system reliability."

CTEI recommended removing the definition for underutilized transmission asset and instead defining the term in the ERCOT protocols.

If its primary recommendation to consolidate the definitions for "stranded transmission asset" and "underutilized transmission asset" is not adopted, then TSSA recommended modifying proposed §25.205(b)(12) to state: "a transmission asset that is necessary to maintain system reliability but will no longer significantly provide useful electric service as a result of a net metering arrangement." ERCOT is directed to develop specific details and metrics through the ERCOT stakeholder process regarding identification of underutilized transmission assets."

If TCPA's primary recommendation to consolidate the definitions for stranded transmission assets and underutilized transmission assets is not adopted, then TCPA recommended increasing the threshold from "25%" to "75%." TCPA reasoned that unless the planning process for the transmission system ceases to plan for the full firm load scenario then a 25% threshold is (1) disconnected from transmission planning criteria; (2) unjustified by relevant factual context(s); and (3) would apply a discriminatory standard to existing generation resources that are co-located with a large load customer (which could be required to pay for "underutilized" transmission assets in a hold harmless proceeding) compared to that applied to other net metering arrangements with assets that are not subject to review under PURA §39.169.

TPPA recommended modifying proposed §25.205(b)(12) to clarify that the "25% less power" relates to the asset's maximum capacity.

Commission Response

The commission adopts TPPA's recommendation to modify adopted §25.205(b)(14) to clarify that the "25% less power" relates to the asset's maximum capacity. This approach also addresses CenterPoint's recommendation to clarify what the 25% is measured against. The commission declines to adopt Calpine and Vistra's recommendation to remove the reference to a specific percentage to state that an underutilized transmission asset is one that is providing no reliability benefit rather than one that provides no significant reliability benefit because this would essentially define an underutilized transmission asset the same as a stranded transmission asset. Thus, rendering the distinction meaningless. When interpreting a statute, the commission must presume that the Legislature intended to give meaning to each word. The commission declines to adopt OPUC's recommendation to replace the definition in adopted §25.205(b)(14) with "a transmission asset that was already built to connect a generation resource to the system, and was used by the generation resource to transmit power to the system, but as a result of the net metering arrangement, is no longer used to transmit power to the system but for emergencies to sustain system reliability" because it is too limiting. The commission

declines to adopt CTEI's recommendation to remove the definition for underutilized transmission asset and instead define the term in ERCOT protocols because it is unnecessary. Similarly, the commission declines to adopt TSSA's recommendation to modify the definition to state "a transmission asset that is necessary to maintain system reliability but will no longer significantly provide useful electric service as a result of a net metering arrangement" and direct ERCOT to develop specific details and metrics through the ERCOT stakeholder process. The definition for an underutilized transmission asset is a policy decision that is within the purview of the commission. The commission declines to adopt TCPA's recommendation to increase the threshold from 25% to 75% because customers should be held harmless for a transmission asset that is no longer consistently used for the primary function it was built to serve. Therefore, the commission determines that 25% is an appropriate threshold.

Proposed §25.205(c) - Commission approval required

Proposed §25.205(c) states a power generation company, municipally owned utility, or electric cooperative must not implement a net metering arrangement involving a large load customer and an existing generation resource unless the net metering arrangement is approved by the commission.

Eolian recommended modifying proposed §25.205(c) to add language that clarifies entities or arrangements falling within the statutory exemption under PURA §39.169(b) are not required to obtain commission approval before implementing a net metering arrangement. Eolian reasoned that this change ensures that only non-exempt power generation companies, municipally owned utilities, or electric cooperatives must seek commission approval prior to implementation.

TCPA recommended modifying proposed §25.205(c) to add the following: "The commission shall issue the final order in a proceeding initiated under this section not later than the 180th day after the filing of a complete, non-deficient request. If the commission does not approve, deny, or impose reasonable conditions on a proposed net metering arrangement before the 180th day, the commission is considered to have approved implementation of the arrangement." TCPA reasoned that this addition aligns the proposed rule with the language PURA §39.169 and provides additional clarity.

TPPA recommended modifying proposed §25.205(c) consistent with its general comments recommending that the proposed rule's applicability be expanded so that the commission is required to review and approve all net metering arrangements.

Commission Response

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(c) to add language stating entities or arrangements falling within the statutory exemption under PURA §39.169(d) are not required to obtain commission approval before implementing a net metering arrangement because it is unnecessary. Adopted §25.205(a) addresses what entities must comply with the adopted rule and what entities are exempt from complying with the adopted rule. The commission declines to adopt TCPA's recommendation to modify adopted §25.205(c) to add the following: "The commission shall issue the final order in a proceeding initiated under this section not later than the 180th day after the filing of a complete, non-deficient request. If the commission does not approve, deny, or impose reasonable conditions on a proposed net metering arrangement before the 180th day, the commission is considered to have approved implementation of the arrangement." The change is unnecessary

because PURA §39.169(d) addresses the timeline for the commission to issue a decision and PURA §39.169(e) addresses the fact that if the commission does not approve deny, or impose reasonable conditions on a proposed net metering arrangement before the timeline identified in PURA §39.169(d), then the net metering arrangement is considered approved. The commission declines to adopt TPPA's conforming changes because the commission declines to adopt TPPA's general recommendation to expand the applicability of the adopted rule.

Proposed §25.205(d) - Initiating the process for approval of a net metering arrangement

Proposed §25.205(d) requires the parties to a net metering arrangement (the applicants) to initiate the process for obtaining commission approval of the net metering arrangement by filing an application that meets the requirements of 16 TAC §22.73. Proposed §25.205(d)(2) requires the applicants to serve copies of their application on: (A) ERCOT; (B) the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility; and (C) the electric cooperative, transmission and distribution utility, or municipally owned utility that provides electric service at the location of the new net metering arrangement.

CenterPoint recommended modifying §25.205(d) to specify that the applicants must include direct testimony supporting the application, the status of the large load customer's request for interconnection with an interconnecting utility, and the identification of the interconnecting utility for both the generation resource and the large load customer. Vistra disagreed that the proposed rule should be modified to require direct testimony be filed with the application. According to Vistra, requiring testimony would serve only to add regulatory burden to the applicant and delay the filing of an application, which directly contravenes express legislative intent "not to slow down large load projects that are currently in the works." Moreover, Vistra asserted that the commission's approval, denial, or conditional approval of an application is to hinge on its evaluation of the impact of the arrangement on system reliability after it considers ERCOT's evaluation of system reliability impacts. Thus, it is the technical evaluation of system reliability impacts, not applicant testimony, that is critical to the commission's decision-making.

TPPA recommended modifying proposed §25.205(d)(2) to require the applicants serve copies of the application on ERCOT, the transmission utility certificated to serve the area and the distribution utility certificated to serve the area (if different from the TSP).

Commission Response

The commission adopts CenterPoint's recommendation to modify adopted §25.205(d) to specify that the application must include direct testimony supporting the application. Requiring that direct testimony be filed with the application clarifies that the burden of proof resides with the applicants, who are the parties seeking relief from the commission. This also aligns the timeline for filing direct testimony with other contested case proceedings in which applicants present their direct case by filing direct testimony with their application.

The commission disagrees with Vistra that requiring direct testimony contravenes the legislative intent. The commission's approval, with or without conditions, or denial of an application must be based on evidence that supports the commission's findings of fact and conclusions of law. The applicants' direct testimony provides the evidentiary basis for the underlying information that

ERCOT is relying upon for its study of the system impacts of the net metering arrangement. Therefore, the applicants must file direct testimony supporting their application, including the underlying information that was provided to ERCOT for its study of the system impacts of the net metering arrangement.

The commission declines to adopt CenterPoint's recommendation to modify adopted §25.205(d) to specify that the application must identify the status of the large load customer's request for interconnection. However, the commission modifies adopted §25.205(d) to specify that the application must include a completed large load interconnection study as the term is defined in ERCOT protocols as of the date the application is filed with the commission or a study report from another completed study process to interconnect a large load customer that is required by ERCOT protocols as of the date the application is filed with the commission.

The commission declines to adopt CenterPoint's recommendation to modify adopted §25.205(d)(2) to specify that the application must identify the electric utility, municipally owned utility, or electric cooperative responsible for interconnecting the large load customer, responsible for interconnecting the generation resource, and responsible for retail delivery service at the location of the net metering arrangement. Instead, the commission modifies adopted §25.205(d)(2) to specify that the application must identify the interconnecting TSP and the interconnecting DSP.

The commission declines to adopt TPPA's recommendation to modify adopted §25.205(d)(2) to require the applicants to serve copies of the application on ERCOT, the transmission utility certificated to serve the area, and the distribution utility certificated to serve the area (if different than the TSP). However, the commission modifies adopted §25.205(d)(2) to require the applicants to serve copies of the application on ERCOT, the interconnecting TSP, and if different from the interconnecting TSP, the interconnecting DSP.

Proposed §25.205(e) - Parties to a proceeding under this section

Proposed §25.205(e) limits the parties to a proceeding under the proposed rule to the applicants; commission staff; ERCOT; and the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility.

CenterPoint recommended modifying proposed §25.205(e) to clarify that in situations where one utility is interconnected with an existing generation resource, and a different utility is responsible for the interconnection of the co-located large load customer, both interconnecting utilities should be granted party status in a net metering arrangement proceeding involving that generation resource and large load customer, since both may be affected.

TEC recommended modifying proposed §25.205(e) to permit the parties to a net metering arrangement to participate in the proceeding. Additionally, TEC recommended modifying proposed §25.205(e) to add a new subsection expanding the listed parties permitted to participate in the proceeding to an electric cooperative or a municipally owned utility certificated to interconnect or provide retail electric utility service at the location of the net metering arrangement. Finally, TEC recommended modifying proposed §25.205(e) to authorize the parties to the proceeding to file a notice regarding whether the party intends to participate in the proceeding.

Crusoe recommended modifying proposed (e)(1) to separately identify the DSP and the interconnecting TSP.

TIEC recommended modifying proposed §25.205(e)(1)(D) to specify that the interconnecting electric cooperative, transmission distribution utility, and/or municipally owned utility providing retail electric delivery service to the large load customer or transmission service to the existing generator is a party to the proceeding. Additionally, Crusoe and TIEC recommended modifying proposed §25.205(e)(2) to include a statement that a party to the proceeding shall only take positions on issues that it would otherwise have direct standing to pursue.

TPPA recommended modifying proposed §25.205(e)(1) to conform with its recommended changes to proposed §25.205(d)(2) by limiting the parties to the applicants, commission staff, ERCOT, the transmission utility service provider certificated to serve the area, and the DSP certificated to serve the area (if different than the TSP).

Commission Response

The commission adopts TEC, Crusoe, and TIEC's recommendation to separately identify that the interconnecting TSP and the interconnecting DSP (if different from the interconnecting TSP) are both parties to the proceeding. This approach also addresses CenterPoint's recommendation to clarify that in situations where one utility is interconnected with an existing generation resource and a different utility is responsible for the interconnection of the co-located large load customer, both interconnecting utilities should be granted party status. The commission modifies adopted §25.205(e) accordingly. The commission adopts TEC's recommendation to modify adopted §25.205(e) to authorize a party to the proceeding to file notice identifying whether the party intends to participate in the proceeding. Accordingly, the commission adds adopted §25.205(e)(3).

The commission declines to adopt TEC's recommendation to modify adopted §25.205(e) to specify that the parties to a net metering arrangement are parties to the proceeding because it is unnecessary. The parties to a net metering arrangement are the applicants and adopted §25.205(e) specifies that the applicants are parties to the proceeding. The commission declines to adopt Crusoe and TIEC's recommendation to modify adopted §25.205(e)(2) to include a statement that a party to the proceeding shall only take positions on issues that it would otherwise have direct standing to pursue. A party either has standing to participate in a proceeding, or the party does not have standing to participate. It is not appropriate to impose limitations that exceed the statute.

Proposed §25.205(g) - Commencement of ERCOT study.

Proposed §25.205(g) sets forth the requirements for ERCOT to commence its study. Proposed §25.205(g)(1) requires the parties to a net metering arrangement to provide ERCOT all information that ERCOT deems necessary regarding the net metering arrangement. Proposed §25.205(g)(2) requires the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility to submit to ERCOT a large load interconnection study, the results of power flow modeling, and any other information that ERCOT deems necessary. Proposed §25.502(g)(3) requires ERCOT, upon receipt of all necessary information, to conduct a study of the system impacts of the net metering arrangement, including transmission security and resource adequacy impacts, and stranded or underutilized transmission assets associated with the net metering arrangement. Finally, proposed §25.205(g)(4) requires ERCOT to provide commission staff any access, information, support, or coop-

eration that commission staff determines is necessary to provide its recommendations.

A large load interconnection study may not always be conducted

CenterPoint recommended modifying proposed §25.205(g) to reflect that a large load interconnection study may not always be conducted by the interconnecting utility. CenterPoint noted that a large load customer co-located with an existing generation resource can elect to interconnect directly to a PUN and forego an interconnection request with the electric utility that serves the area in which the PUN is located.

Commission Response

The commission adopts CenterPoint's recommendation to modify adopted §25.205(g) to reflect that a large load interconnection study may not always be conducted by the interconnecting utility. However, the commission modifies adopted §25.205(g) to reflect that a large load customer must have completed the studies required by ERCOT protocols.

Notice to the parties to a net metering arrangement and the interconnecting utility that all information is received

Eolian recommended modifying proposed §25.205(g) to clarify ERCOT's procedural obligations by requiring ERCOT to notify both the parties to the net metering arrangement and the interconnecting utility once it determines that all necessary study information has been received and deemed complete.

Commission Response

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(g) to clarify ERCOT's procedural obligations by requiring ERCOT to notify both the parties to the net metering arrangement and the interconnecting utility once it determines that all necessary study information has been received and deemed complete because it is unnecessary. Adopted §25.205(g)(3) already requires ERCOT, not later than seven days after commencing its study, to file notice in the docket indicating the date that ERCOT commenced its study and the date ERCOT must file its study results and recommendations. The commission notes that the contested case proceeding is like any other contested case proceeding docketed at the commission in that the commission has specific procedural rules that control service of pleadings and other documents. Restating those requirements in the adopted rule is not necessary.

Coordination with TSP and evaluation on a net-impact basis

Eolian recommended adding a new paragraph that requires ERCOT to coordinate its analysis with the TSP and evaluate both facilities on a net-impact basis through a unified interconnection study. Eolian reasoned that this coordinated study requirement prevents double counting of imports and exports, aligns with ERCOT Planning Guide §5 and §9, and implements PURA §37.0561(b) and PURA §39.151 by promoting nondiscriminatory, reliability-based evaluation of integrated projects.

Commission Response

The commission declines to adopt Eolian's recommendation to require ERCOT to coordinate its analysis with the TSP because it is unnecessary. ERCOT has processes and procedures in place that already involve coordination with TSPs. Additionally, ERCOT is specifically involved in scoping the large load interconnection study that a TSP conducts.

Deadline to complete large load interconnection studies

Calpine recommended modifying proposed §25.205(g) to impose a deadline for TDSPs to complete large load interconnection studies.

Commission Response

The commission declines to adopt Calpine's recommendation to modify adopted §25.205(g) to impose a deadline for TDSPs to complete large load interconnection studies because it is unnecessary. ERCOT is currently developing a batch study process to improve efficiencies related to the large load interconnection studies.

Delineate the information that parties must provide to ERCOT

TCPA recommended modifying proposed §25.205(g)(1) to include specific language delineating the information that parties must provide ERCOT to ensure full transparency and defined criteria upfront for parties to use as a checklist when compiling their application. Specifically, TCPA recommended requiring (1) project information including name, county, point of interconnection, voltage, demand and coordinates; (2) anticipated peak demand; (3) customer, TSP, TDSP, and LSE contact information; (4) anticipated net-metered load details; and (5) anticipated curtailment and back-up generation capabilities.

Commission Response

The commission declines to adopt TCPA's recommendation to modify §25.205(g)(1) to include specific language delineating the information that parties must provide ERCOT. The commission expects ERCOT, who has the technical expertise to conduct the study, to develop this information and publish it in a transparent manner without the need to require such action through the adopted rule.

Replace "all information that ERCOT deems necessary" with "all necessary information"

TSSA recommended modifying proposed §25.205(g)(1) to state that the parties to a net metering arrangement must provide ERCOT all necessary information instead of all information that ERCOT deems necessary. TSSA reasoned that in the unlikely event that ERCOT were to request information that was perhaps desirable but not strictly necessary or to request information in a form that was unavailable, then the parties to the net metering arrangement should have the right to petition the commission to resolve the issue. The determination of what information is necessary should not rest solely with ERCOT.

Commission Response

The commission declines to adopt TSSA's recommendation to modify adopted §25.205(g)(1) to state that the parties to a net metering arrangement must provide ERCOT all necessary information instead of all information that ERCOT deems necessary. The commission expects ERCOT to work in collaboration with the parties to a net metering arrangement, as well as the interconnecting TSP and the interconnecting DSP. In light of the short timeframe and the technical requirements for the study, the commission determines that it is appropriate for ERCOT to receive all information that it deems necessary. Moreover, this approach is consistent with PURA §39.169(d), which states that ERCOT must study the system impacts of a net metering arrangement after ERCOT receives all information regarding the arrangement required by ERCOT.

Remove requirement for interconnecting utility to submit a large load interconnection study to ERCOT

ERCOT recommended modifying proposed §25.205(g) to remove proposed §25.205(g)(2)(A), which requires the interconnecting utility to submit a large load interconnection study to ERCOT, and modifying proposed §25.205(g)(3) to provide that ERCOT's obligation to conduct the study only ripens once the large load interconnection study has been completed and it has received all necessary information. ERCOT reasoned that it does not need the interconnecting utility to submit a copy of the large load interconnection study because ERCOT will already have access to the study by virtue of its duty to review and confirm completion of the study. Moreover, depending on how "interconnecting" is defined, it is possible that the interconnecting utility was not the lead TSP responsible for completing the large load interconnection study and may not have access to that study in some case. Therefore, to avoid potential confusion about whether a separate submission of that study is required by the interconnecting utility, ERCOT recommends modifying proposed §25.205(g)(2) and (3).

Commission Response

The commission declines to adopt ERCOT's recommendation to modify adopted §25.205(g)(2) to remove the requirement for the interconnecting utility to submit a large load interconnection study to ERCOT. However, the commission modifies adopted §25.205(g)(2)(A) by replacing the requirement to provide a large load interconnection study with a requirement to provide all transmission security analysis studies, which are to be prescribed during ERCOT's large load interconnection study process. The commission adopts ERCOT's recommendation to modify adopted §25.205(g)(3) to provide that ERCOT's obligation to conduct the study only ripens once the large load interconnection study has been completed and ERCOT has received all necessary information.

Limit the circumstances for requiring power flow modeling

Calpine recommended modifying proposed §25.205(g)(2) to require ERCOT to include power flow modeling in its study only if the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility asserts that stranded or underutilized transmission assets will result from the arrangement.

Commission Response

The commission declines to adopt Calpine's recommendation to modify adopted §25.205(g)(2) to require ERCOT to include power flow modeling in its study only if the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility asserts that stranded or underutilized transmission assets will result from the arrangement. PURA §39.169 limits the time by which ERCOT must complete its study of a net metering arrangement to 120 days and limits the time by which the commission must issue a decision approving a net metering arrangement, with or without conditions, or denying a net metering arrangement to 60 days. This expedited timeframe requires that all the necessary analysis be completed at the outset. Therefore, it is appropriate for ERCOT to study whether conditions are appropriate as part of its overall analysis. Additionally, PURA §39.169 does not limit the circumstances that the commission may impose a condition holding customers harmless. Accordingly, the commission declines to limit the study of stranded or underutilized transmission assets based on whether ERCOT recommends other conditions.

Remove requirement to provide any other information that ERCOT deems necessary

TCPA recommended modifying proposed §25.205(g)(2) to remove proposed §25.205(g)(2)(C) because it is duplicative and unnecessarily expansive in scope. TCPA reasoned that the information deemed necessary should be fixed and objective. Inclusion of proposed §25.205(g)(2)(C) would make the study scope subject to ERCOT discretionary expansion.

Commission Response

The commission declines to adopt TCPA's recommendation to modify adopted §25.205(g)(2) to remove the requirement to provide any other information that ERCOT deems necessary. PURA §39.169 limits the time by which ERCOT must complete its study of a net metering arrangement to 120 days and limits the time by which the commission must issue a decision approving a net metering arrangement, with or without conditions, or denying a net metering arrangement to 60 days. This expedited timeframe requires that all the necessary analysis be completed at the outset and that ERCOT have all the information that it deems necessary to be able to conduct the study, which requires technical expertise. Thus, the commission concludes that it is appropriate for ERCOT to determine what information is necessary. This approach is also consistent with PURA §39.169(d), which states that ERCOT must study the system impacts of a net metering arrangement after ERCOT receives all information regarding the arrangement required by ERCOT.

Specify the statutory timeline for ERCOT and the commission to adjudicate the contested case

TCPA recommended adding a new subsection that specifies the timeline allotted in statute for both ERCOT and the commission to adjudicate cases under PURA §39.169 and requires ERCOT to issue a notice of sufficiency. Additionally, TCPA recommended that if ERCOT is lacking any information from any of the parties required to submit information to ERCOT, the specific information that is lacking should be identified and the parties should be afforded seven business days to remedy the insufficiency.

Commission Response

The commission declines to adopt TCPA's recommendation to add a new subsection that specifies the timeline allotted in statute for both ERCOT and the commission to adjudicate cases under PURA §39.169 and requires ERCOT to issue a notice of sufficiency because it is unnecessary. The statutory deadlines apply regardless of whether they are restated in the adopted rule. Additionally, adopted §25.205(g)(3) already requires ERCOT to commence its study upon receiving all necessary information and to file, not later than seven days after commencing its study, notice in the docket indicating the date that ERCOT commenced its study and the date ERCOT must file its study results and recommendations. The commission also declines to modify the adopted rule to require ERCOT to afford parties to a net metering arrangement seven business days to remedy a deficiency in the information submitted because it is unnecessary. Moreover, a different deadline may be appropriate based on the nature of the deficient information. However, the commission expects ERCOT to work with the parties to a net metering arrangement to expeditiously and efficiently resolve issues, and to develop standardized processes and procedures for resolving issues.

Remove or limit the requirement for ERCOT to study stranded or underutilized transmission assets

Calpine, TCPA, and Vistra recommended modifying proposed §25.205(g)(3) to remove the requirement for ERCOT to include in its study, stranded or underutilized transmission assets associated with the net metering arrangement. Calpine reasoned that holding customers harmless for stranded or underutilized transmission assets resulting from a net metering arrangement will only be relevant on a case-by-case basis and to the extent a party to the net metering arrangement affirmatively raises the issue. Vistra reasoned that only if the approval of a net metering arrangement is conditioned is the hold-harmless provision potentially triggered and even then the commission has discretion on whether to impose the hold harmless condition. Vistra recommended conforming changes to proposed §25.205(h) by removing proposed §25.205(h)(3) and conforming changes to proposed §25.205(i)(3)(F) to require ERCOT's complete study to detail whether any transmission assets may be stranded or underutilized, including the identity of the associated TSPs, if ERCOT recommends any conditions under paragraph (2)(F).

TSSA recommended modifying proposed §25.205(g)(3) to limit ERCOT's study of stranded or underutilized transmission assets to those that are necessary to maintain system reliability. TSSA reasoned that PURA §39.169(d) limits ERCOT's study to an evaluation of "system impacts" and narrows the scope of the commission's power "to approve, deny, or impose reasonable conditions on the proposed net metering arrangement only as necessary to maintain system reliability, including transmission security and resource adequacy impact."

Commission Response

The commission declines to adopt Calpine, TCPA, and Vistra's recommendation to modify adopted §25.205(g)(3) to remove the requirement for ERCOT to include in its study, stranded or underutilized transmission assets associated with the net metering arrangement. PURA §39.169 limits the time by which ERCOT must complete its study of a net metering arrangement to 120 days and limits the time by which the commission must issue a decision approving a net metering arrangement, with or without conditions, or denying a net metering arrangement to 60 days. This expedited timeframe requires that all the necessary analysis be completed at the outset. Therefore, it is appropriate for ERCOT to study whether conditions are appropriate as part of its overall analysis. Additionally, PURA §39.169 does not limit the circumstances that the commission may impose a condition holding customers harmless. Therefore, the commission also declines to adopt TSSA's recommendation to limit ERCOT's study of stranded or underutilized transmission assets to those that are necessary to maintain system reliability.

Avoid duplicative study

Satoshi recommended modifying proposed §25.205(g)(3) to clarify that any subsequent study conducted by ERCOT must not duplicate the analyses already performed as part of the large load interconnection study.

Commission Response

The commission agrees that duplicative work is not necessary. However, the commission declines to adopt Satoshi's recommendation to modify adopted §25.205(g)(3) to clarify that any subsequent study by ERCOT must not duplicate the analyses already performed as part of the large load interconnection study because it is unnecessary. Moreover, the batch study process that ERCOT is currently developing is likely to change the workflows associated with the large load interconnection study.

Proposed §25.205(h) - General requirements of ERCOT study

Proposed §25.205(h) sets forth the general requirements for the study that ERCOT must conduct. Proposed §25.205(h)(2) requires a transmission security analysis that is comprised of a steady state and stability load serving study with and without the generation, under peak scenarios and off-peak scenarios. Proposed §25.205(h)(3) requires ERCOT to conduct an analysis identifying transmission assets that may become stranded or underutilized as a result of the net metering arrangement, including the identity of the TSP associated with each such asset and the degree to which any transmission assets are expected to be underutilized from both a delivery and reliability perspective. Proposed §25.205(h)(4) requires ERCOT to conduct any other analysis or study that ERCOT determines is necessary.

Limit to system impacts

Eolian recommended modifying proposed §25.205(h) to clarify that ERCOT's statutory study obligation is limited to system impacts related to transmission reliability, system reliability, and stranded or underutilized transmission assets, and does not extend to system-wide resource adequacy modeling. Eolian reasoned that this distinction reflects the plain language of PURA §39.169(d), which directs ERCOT to study "system impacts" and "removal of generation," not to perform statewide resource adequacy forecasts. Eolian also recommended modifying proposed §25.205(i) to conform with its recommended modifications to proposed §25.205(h).

Commission Response

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(h) to clarify that ERCOT's statutory study obligation is limited to system impacts related to transmission reliability, system reliability, and stranded or underutilized transmission assets, and does not extend to system-wide resource adequacy modeling because the commission disagrees with Eolian's interpretation of PURA §39.169. PURA §39.169(d) states the commission must approve, deny, or impose reasonable conditions on the proposed net metering arrangement as necessary to maintain system reliability, including transmission security and resource adequacy impacts. Moreover, the commission's approval, denial, or imposition of conditions is predicated on ERCOT's study of the system impacts of the net metering arrangement. Thus, the statute contemplates that ERCOT's study of the system impacts includes resource adequacy impacts.

Specify the evaluation is based on expectations and remove the requirement to evaluate impacts of reduced net capability or lower availability on reserve margins

TCPA and Vistra recommended modifying proposed §25.205(h)(1) to specify "expected" curtailment capability, on-site backup generating capability, availability, and impacts on reserve margins or other resource adequacy criteria. TCPA and Vistra also recommended modifying proposed §25.205(h)(1)(E) to remove "of reduced net capability or lower availability" and to replace "other reliability criteria" with "other resource adequacy criteria" and to replace "other reliability criteria" with "other resource adequacy criteria."

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(h)(1) to specify "expected" curtailment capability, on-site backup generating capability, availability, and impacts on reserve margins or other

resource adequacy criteria because the qualifier is not appropriate in this context. Curtailment capability, on-site backup generating capability, availability, and impacts on reserve margins or other resource adequacy criteria should be known and based on objective information provided in the evidentiary record as part of the application for approval of the net metering arrangement. This information should not be speculative. The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(h)(1)(E) to remove "of reduced net capability or lower availability" and to replace "other reliability criteria" with "other resource adequacy criteria." The language that TCPA and Vistra recommend removing provides clear metrics and increased transparency. Thus, the commission declines to adopt the recommended changes.

Expand the reliability metrics

Onward recommended modifying proposed §25.205(h)(1) to expand the reliability metrics to include: (1) curtailment history and forecast; (2) transmission congestion and generic transmission constraints (GTCs); (3) congestion rent paid by the existing generation resource due to GTCs; (4) transmission constraints; (5) avoided infrastructure costs; and (6) local load-to-generation ratio.

Commission Response

The commission declines to adopt Onward's recommendation to modify adopted §25.205(h)(1) to expand the reliability metrics to include: (1) curtailment history and forecast; (2) transmission congestion and GTCs; (3) congestion rent paid by the existing generation resource due to GTCs; (4) transmission constraints; (5) avoided infrastructure costs and (6) local load-to-generation ratio. ERCOT's analysis will be forward looking. Analyzing historical data to evaluate the accumulated benefits is not relevant to the impact of the netting arrangement to the future security of the grid. In addition, these metrics would significantly broaden the scope and depth of data needed for ERCOT's analysis which must be performed within 120 days.

Limit evaluation to a generation resource that makes dispatchable capacity available

TSSA recommended modifying proposed §25.205(h)(1) to specifically require an evaluation of a generation resource that makes dispatchable capacity available to the ERCOT power region.

Commission Response

The commission declines to adopt TSSA's recommendation to modify adopted §25.205(h)(1) to specifically require an evaluation of a generation resource that makes dispatchable capacity available to the ERCOT power region because this change would exclude intermittent generation resources from the evaluation. PURA §39.169(d)(2) states that the commission may impose a condition that requires a generation resource to make capacity available to the ERCOT power region during certain events. Therefore, the commission determines that ERCOT's resource adequacy analysis should equally apply to dispatchable generation resources and intermittent generation resources. This approach will ensure that the commission has the necessary information to evaluate whether it should exercise its discretionary authority to require that an intermittent generation resource make capacity available during certain events by curtailing load or imposing operational conditions during certain events.

Minimize duplicative work

ERCOT recommended modifying proposed §25.205(h)(2) to state that ERCOT may adopt the applicable large load interconnection study in part or in whole, to the extent ERCOT deems appropriate. Relatedly, LCRA recommended that the ERCOT study should seek to minimize duplication of work.

Satoshi recommended modifying proposed §25.205(h)(2) consistent with its recommendation to modify proposed §25.205(g)(3) to clarify that any subsequent study conducted by ERCOT must not duplicate the analyses already performed as part of the large load interconnection study.

Commission Response

The commission agrees that duplicative work is not necessary. However, the commission declines to adopt ERCOT, LCRA, and Satoshi's recommendation to modify adopted §25.205(h)(2) to clarify that ERCOT may adopt, in whole or in part, the large load interconnection study conducted by a TSP because it is unnecessary. Instead, the commission modifies adopted §25.205(h)(2) to require ERCOT's study to include a transmission security analysis that is comprised of a steady state and stability load serving study with and without the generation, under peak scenarios and off-peak scenarios, including review of a completed interconnection study.

Conforming change to limit study of underutilized or stranded transmission assets to those that are necessary to maintain system reliability

Consistent with its recommended changes to proposed §25.205(g), TSSA recommended conforming changes to proposed §25.205(h)(3), limiting ERCOT's study of underutilized or stranded transmission assets to those that are necessary to maintain system reliability. Additionally, TSSA recommended modifying proposed §25.205(h)(3) to remove "and the degree to which any transmission assets are expected to be underutilized from both a delivery and a reliability perspective." TSSA reasoned that the "delivery" component departs from the plain text of PURA §39.169(d) and denotes a capacity obligation.

Commission Response

The commission declines to adopt TSSA's recommendation to modify adopted §25.205(h)(3) to conform with its recommended change to adopted §25.205(g) to limit ERCOT's study of underutilized or stranded transmission assets to those that are necessary to maintain system reliability because the commission declines to adopt TSSA's recommendation to modify adopted §25.205(g). Therefore, the conforming change is unnecessary.

Remove the requirement for an analysis identifying transmission assets that may become stranded or underutilized

Calpine and TCPA recommended removing proposed §25.205(h)(3) from the proposed rule because the proposed analysis for identifying stranded or underutilized transmission assets is not a requirement under PURA §39.169(d) and the condition to hold customers harmless for stranded or underutilized transmission assets is not applicable to all proposed net metering arrangements.

Commission Response

The commission declines to adopt Calpine and TCPA's recommendation to remove adopted §25.205(h)(3), which requires an analysis identifying transmission assets that may become stranded or underutilized as a result of the net metering arrangement. Although holding customers harmless for stranded

or underutilized transmission assets is not a required condition, PURA §39.169(d)(1) explicitly identifies it as a discretionary condition. The commission cannot evaluate the appropriateness of the condition without an analysis identifying whether transmission assets may become stranded or underutilized and in light of the 60-day deadline for the commission to issue a decision, it is appropriate for this analysis to be included as a necessary part of ERCOT's study.

Narrowly tailor other analysis or study to address gaps in the large load interconnection study

Calpine recommended modifying proposed §25.205(h)(4) to state that ERCOT must conduct any other analysis or study that ERCOT determines is necessary to address gaps in the large load interconnection study received from the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility. Calpine reasoned narrowly tailoring proposed §25.205(h)(4) ensures clear expectations to facilitate effective and timely processing of applications for net metering arrangements.

Commission Response

The commission declines to adopt Calpine's recommendation to modify adopted §25.205(h)(4) to state that ERCOT must conduct any other analysis or study that ERCOT determines is necessary to address gaps in the large load interconnection study. In light of the technical nature of the study, the commission determines that it is appropriate for ERCOT to exercise its technical expertise in determining what analysis or study is necessary to identify the system impacts of a net metering arrangement, including transmission security and resource adequacy impacts, and whether transmission assets are stranded or underutilized.

Remove the requirement for any other analysis or study that ERCOT determines is necessary

TCPA and Vistra recommended removing proposed §25.205(h)(4) from the proposed rule to conform with their recommended changes to proposed §25.205(g).

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to remove the requirement for any other analysis or study that ERCOT determines is necessary. In light of the technical nature of the study, the commission determines that it is appropriate for ERCOT to exercise its technical expertise in determining what analysis or study is necessary to identify the system impacts of a net metering arrangement, including transmission security and resource adequacy impacts, and whether transmission assets are stranded or underutilized.

Require ERCOT to study whether and to what degree GTCs are alleviated or eliminated

Onward recommended modifying proposed §25.205(h)(4) to require ERCOT to study whether, and to what degree, a proposed net metering arrangement alleviates or eliminates existing GTCs or enables stranded generation resources to deliver more power to the broader ERCOT grid. Specifically, Onward recommended that the additional analysis includes: (1) historical congestion rent paid by the existing power generation resource over the past three years; (2) the number of GTCs restricting power generation outflow; and (3) the likelihood of congestion relief due to planned transmission upgrades.

Commission Response

The commission declines to adopt Onward's recommendation to modify adopted §25.205(h)(4) to require ERCOT to study whether, and to what degree, a proposed net metering arrangement alleviates or eliminates existing GTCs or enables stranded generation resources to deliver more power to the broader ERCOT grid. ERCOT's analysis will be forward looking. Historical data is not relevant to analysis evaluating whether transmission assets will be stranded or underutilized in the future. In addition, this analysis may significantly broaden the scope and depth of data and time required for ERCOT's assessment which must be done within 120 days.

Proposed §25.205(i) - ERCOT study results

Proposed §25.205(i) requires ERCOT, not later than ten days before filing its study results and recommendations, to file notice in the docket indicating the date that ERCOT expects to file its study results and recommendations. Proposed §25.205(i) also sets forth the specific information that must be included with ERCOT's study results and recommendations.

Remove requirement to file notice indicating the date ERCOT expects to file its study results and recommendations

Calpine and TCPA recommended modifying proposed §25.205(i) to remove the requirement for ERCOT to file notice in the docket indicating the date that ERCOT expects to file its study results and recommendations. Calpine reasoned that timelines could change and ERCOT should have as much flexibility as is needed within their 120-day review period to conduct the required analysis. TCPA reasoned that the additional notice is unnecessary and could give the appearance of adding time to the 120-day required. Thus, creating the potential for confusion.

Commission Response

The commission declines to adopt Calpine and TCPA's recommendation to modify adopted §25.205(i) to remove the requirement for ERCOT to file notice in the docket indicating the date that ERCOT expects to file its study results and recommendations. Because the commission must issue its decision not later than 60 days after ERCOT files its study results and recommendations, it is imperative that the commission have notice of when the study results and recommendations will be filed so that the commission can ensure that a hearing on the merits can be scheduled, if requested by a party to the proceeding.

Protect competitively sensitive and confidential information

Vistra recommended modifying proposed §25.205(i) to require ERCOT to follow the Legislature's directive and ensure that its filings do not disclose information that is competitively sensitive or otherwise considered confidential.

Commission Response

The commission declines to adopt Vistra's recommendation to modify adopted §25.205(i) to ensure that ERCOT's filings do not disclose information that is competitively sensitive or otherwise considered confidential because it is unnecessary. The commission's procedural rules already protect against disclosure of competitively sensitive and confidential information.

Include stranded or underutilized transmission assets in the executive summary

CenterPoint recommended modifying proposed §25.205(i)(2) to require ERCOT to identify, in its executive summary of the study results and recommendations, potentially stranded or underuti-

lized transmission assets and conditions to mitigate the potential of stranded or underutilized transmission assets.

Commission Response

The commission declines to adopt CenterPoint's recommendation to modify adopted §25.205(i)(2) to require ERCOT to identify, in its executive summary of the study results and recommendations, potentially stranded or underutilized transmission assets and conditions to mitigate the potential of stranded or underutilized transmission assets because it is unnecessary.

Remove requirement for ERCOT to include certain information in its filing related to its study results and recommendations

TCPA recommended modifying proposed §25.205(i)(2) to remove proposed §25.205(i)(2)(A) through (C) because these requirements are not required by statute. TCPA noted that regulatory policy tends to protect the identity of customers, particularly in competitive markets. Moreover, PURA §39.169 applies to only new interconnections, not expansions. Additionally, if another customer is already at the location site, then, by definition, this is not a stand-alone generator and PURA §39.169 does not apply.

Vistra recommended modifying proposed §25.205(i)(2)(B) and (C) because these provisions are superfluous since PURA §39.169 is limited to new interconnections.

Commission Response

The commission declines to adopt TCPA's recommendation to modify adopted §25.205(i)(2) to remove the requirements for ERCOT to identify in its executive summary the large load customer. The commission also declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(i)(2) to remove the requirements for ERCOT to identify in its executive summary whether the large load customer seeks a new or expanded interconnection and whether the large load customer or any other customer is already located at the requested interconnection site. As stated above, PURA §39.169(a) specifically cites to the description for a large load customer in PURA §37.0561(c). PURA §37.0561(c) describes a large load customer as a customer requesting new or expanded interconnection where the total load at a single site would exceed a demand threshold established by the commission based on the size of loads that significantly impact transmission needs in the ERCOT power region. PURA §37.0561(c) also states the commission must establish a demand threshold of 75 MW unless the commission determines that a lower threshold is necessary to accomplish the purposes described by PURA §37.0561(b). Thus, the commission determines that a new large load customer as described by PURA §37.0561(c) encompasses the full description in PURA §37.0561, including a customer requesting expanded interconnection that would result in the total load at a single site exceeding 75 MW.

Replace the 10-year lookback

TEC recommended modifying proposed §25.205(i)(3)(D) to reduce the 10-year lookback to a five-year lookback.

CenterPoint recommended modifying proposed §25.205(i)(3)(D) to require an existing generation resource that must make dispatchable capacity available to make available the highest amount of capacity that was available over the 10-year period instead of the same amount.

ERCOT recommended modifying proposed §25.205(i)(3)(D) to remove the requirement to consider historical peak capac-

ity availability over the past ten years because a generation resource could only reasonably be required to provide its maximum possible physical output at the time that ERCOT may need to call on the resource to address an emergency condition. Additionally, ERCOT noted that if its recommended interpretation of "make available" is adopted, requiring that the large load customer be curtailed, then proposed §25.203(i)(3)(D) is unnecessary.

OPUC recommended modifying proposed §25.205(i)(3)(D) to replace use of the amount of generation produced at the time of annual system peak demand averaged over the past ten years with use of the historical annual maximum generation produced by the existing generator averaged over a set number of years to determine the amount of dispatchable capacity to be made available.

Vistra recommended modifying proposed §25.205(i)(3)(D) to determine the dispatchable capacity that was made available to ERCOT before the net metering arrangement based on the most recent Summer Seasonal Net Maximum Sustainable Rating of dispatchable capacity instead of basing it on the dispatchable capacity made available to the ERCOT region at the time of annual peak demand each of the last 10 years. Vistra reasoned that the Seasonal Net Maximum Sustainable Ratings are calibrated to standard ambient air temperatures for the respective weather zones, which eliminates the impact of year-to-year fluctuations in peak load conditions.

Commission Response

The commission declines to adopt TEC's recommendation to reduce the 10-year lookback to a 5-year lookback and the commission declines to adopt OPUC's recommendation to replace use of the amount of generation produced at the time of annual system peak demand averaged over the past ten years with use of the historical annual maximum generation produced by the existing generator averaged over a set number of years to determine the amount of dispatchable capacity to be made available. The commission agrees with ERCOT that the requirement to consider historical peak capacity availability over the past ten years should be removed. The commission replaces the requirement with Vistra's recommendation to determine an existing generation resource's capacity based on its seasonal net maximum sustainable rating. However, the commission declines to adopt Vistra's recommendation to use the summer seasonal net maximum sustainable rating of dispatchable capacity. ERCOT needs accurate information on the capability of the unit depending on the season that the emergency may occur. Reporting seasonal net max sustainable ratings is required in the resource registration process and is used by ERCOT for planning purposes, as well as base case development and operational needs. The steady state working group manual and Planning guide both reference this data. This rating is preferred because it represents the net, sustained MW capability of a unit under seasonal ambient conditions, aligning with a more realistic capability. Additionally, these ratings can be updated and eliminate year-to-year fluctuations.

Remove certain requirements for ERCOT's filing relating to its study results and recommendations

TSSA recommended modifying proposed §25.205(i)(3) to remove proposed §25.205(i)(3)(D) and (F) because these provisions are redundant to provisions set forth in proposed §25.205(h). If TSSA's primary recommendation to remove proposed §25.205(i)(3)(D) and (F) is not adopted, then TSSA recommended, in the alternative, that the commission make

conforming changes consistent with TSSA's recommendations to proposed §25.205(g) and (h).

Commission Response

The commission declines to adopt TSSA's recommendation to modify adopted §25.205(i)(3) to remove the requirement for ERCOT's filing relating to its study results and recommendations to include the capacity made available to the ERCOT region before implementation of the net metering arrangement and the requirement to include whether any transmission assets are stranded or underutilized. Having this information clearly identified in the executive summary, as well as having a more detailed description in ERCOT's study results, is helpful to the commission in its evaluation of a net metering arrangement particularly because of the short time frame that applies to a proceeding under PURA §39.169.

Require analysis of stranded or underutilized transmission assets only if conditions are recommended

TCPA and Vistra recommended modifying proposed §25.205(i)(3)(F) to specify that if conditions are recommended, then ERCOT's study results must detail whether any transmission assets may be stranded or underutilized, including the degree to which any underutilized transmission assets could be underutilized from a delivery or a reliability perspective. TCPA reasoned that ERCOT's study should not evaluate potential stranded or underutilized transmission assets unless conditions are warranted due to resource adequacy concerns.

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(i)(3)(F) to specify that if conditions are recommended, then ERCOT's study results must detail whether any transmission assets may be stranded or underutilized, including the degree to which any underutilized transmission assets could be underutilized from a delivery or reliability perspective. The commission's authority to impose conditions is not derived from nor is it dependent on ERCOT's recommendations. Moreover, PURA §39.169 limits the time by which ERCOT must complete its study of a net metering arrangement to 120 days and limits the time by which the commission must issue a decision approving a net metering arrangement, with or without conditions, or denying a net metering arrangement to 60 days. This expedited timeframe requires that all the necessary analysis be completed at the outset. Therefore, it is appropriate for ERCOT to study whether conditions are appropriate as part of its overall analysis. Additionally, PURA §39.169 does not limit the circumstances that the commission may impose a condition holding customers harmless. Accordingly, the commission declines to limit the study of stranded or underutilized transmission assets based on whether ERCOT recommends other conditions.

Proposed §25.205(j) - Procedural schedule

Proposed §25.205(j) sets forth the requirements for a procedural schedule to process an application for approval of a net metering arrangement once ERCOT completes its study results and recommendations. Proposed §25.205(j)(1)(B) states that the deadline for ERCOT and the interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility to file a statement of position, direct testimony, or an objection to the net metering arrangement is ten days after ERCOT files its study results and recommendations. Proposed §25.205(j)(1)(F) states that if no hearing on the merits is requested, the deadline to file a stipulation or agreement, a joint

motion to admit evidence, and a joint proposed order is 24 days after ERCOT files its study results and recommendations.

Authorize parties to agree to a different procedural schedule

TCPA recommended modifying proposed §25.205(j) to state that the procedural schedule must be substantially similar unless otherwise agreed to by the parties. TCPA reasoned that if the parties agree to a different procedural schedule that complies with the statutory timeline, then the procedural schedule that the parties agree to should be adopted.

Commission Response

The commission declines to adopt TCPA's recommendation to modify adopted §25.205(j) to state that the procedural schedule must be substantially similar unless otherwise agreed to by the parties. The procedural schedule must be substantially similar to ensure that the commission is able to process the net metering arrangement as a contested case within the timeframe set forth in PURA §39.169 and the requirements of Chapter 2001 of the Texas Government Code. Moreover, requiring substantial compliance ensures that the commission has sufficient time to issue a decision in the proceeding and that the parties do not agree to a procedural schedule that results in the application being considered approved without a commission determination.

Apply the 10-day deadline to all parties

AEP recommended modifying proposed §25.205(j)(1)(B) to set the deadline for parties to file statements of position, direct testimony, or an objection to the net metering arrangement so that the deadline applies to any party admitted to the proceeding, including the electric cooperative, transmission and distribution utility, or municipally owned utility that provides electric service at the location of the new net metering arrangement.

Commission Response

The commission declines to adopt AEP's recommendation to modify adopted §25.205(j)(1)(B) to set the deadline for parties to file statements of position, direct testimony, or an objection to the net metering arrangement so that the deadline applies to any party admitted to the proceeding. The applicants should file their direct testimony with their application. Additionally, commission staff's recommendation should take into consideration the other parties' filings. Thus, the same deadline should not apply to all parties to a proceeding.

Clarify the parties that may file after ERCOT's study results and recommendations are filed

TEC recommended modifying proposed §25.205(j)(1)(B) to replace the reference to "interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility" with "other parties to the proceeding other than the applicants." TPPA recommended modifying proposed §25.205(j)(1)(B) to clarify that the parties entitled to file a position following ERCOT's study under proposed §25.205(j) include the transmission utility certificated to serve the area and the distribution utility certificated to serve the area.

Commission Response

The commission declines to adopt TEC's recommendation to modify adopted §25.205(j)(1)(B) to replace the reference to "interconnecting electric cooperative, transmission and distribution utility, or municipally owned utility" with "other parties to the proceeding other than the applicants." Commission staff's recommendation should take into consideration the other parties' fil-

ings. Therefore, a different timeline should apply to commission staff's filing. Moreover, identifying the specific party that the deadline applies to is more transparent. The commission adopts TPPA's recommendation to specify the parties that must comply with the 10-day deadline are the interconnecting TSP and the interconnecting DSP.

Timing to file a stipulation or agreement

Calpine recommended modifying proposed §25.205(j)(1)(F) to add language stating that nothing precludes the parties from filing a stipulation or agreement at any time prior to the deadline identified. Calpine reasoned that the additional language would clarify that the parties may file a stipulation resolving the proceeding without the need for utilizing the full 60-day process, and to clarify that the stipulation may be filed at any time after the initial application is submitted.

Commission Response

The commission declines to adopt Calpine's recommendation to modify adopted §25.205(j)(1)(F) to add language stating that nothing precludes the parties from filing a stipulation or agreement at any time prior to the deadline identified because it is unnecessary and creates the impression that a commission determination may be overridden by a stipulation or agreement. A stipulation or agreement should be filed with sufficient expediency and should be supported by evidence such that the commission may properly evaluate the stipulation or agreement and determine whether the net metering arrangement should be approved, with or without conditions, or denied.

Modify the applicability of the timelines

CenterPoint recommended modifying proposed §25.205(j) to: (1) require the applicants to file their entire direct case, including supporting testimony, concurrently when they file the application for approval of the net metering arrangement; (2) give parties an opportunity to object to the ERCOT study results and recommendations within the same 10-day deadline for responding to the applicant's initial filing; and (3) apply the 15-day deadline to ERCOT's response to objections filed to the ERCOT study results and recommendations.

Commission Response

The commission adopts CenterPoint's recommendation to modify adopted §25.205(j) to require the applicants to file their entire direct case, including supporting testimony, concurrently when they file the application for approval of the net metering arrangement. However, the commission makes this clarification in adopted §25.205(d)(1) and the commission modifies adopted §25.205(j)(1)(A) to clarify that the deadline for the applicants applies to a statement of position or supplemental direct testimony, providing the applicants the opportunity to file a statement of position or supplemental direct testimony that addresses ERCOT's study results and recommendations.

The commission declines to adopt CenterPoint's recommendation to modify adopted §25.205(j)(1)(B) to give parties an opportunity to object to the ERCOT study results and recommendations within the same 10-day deadline for responding to the applicant's initial filing. It is appropriate for the ten-day deadline to run after ERCOT files its study results and recommendations, rather than when the application is filed. This provides the interconnecting TSP and the interconnecting DSP with the opportunity to file a statement of position, direct testimony, or an objection to a net metering arrangement that addresses both the application and ERCOT's study results and recommendations. The commission

also declines to adopt CenterPoint's recommendation to modify adopted §25.205(j)(1)(C) to apply the 15-day deadline to ERCOT's response to objections filed to the ERCOT study results and recommendations because objections are limited to the net metering arrangement and an additional 15 days for ERCOT to file a response after the initial party's filing instead of 15 days after ERCOT's study results and recommendations are filed does not leave sufficient time in the procedural schedule for the commission to properly evaluate the net metering arrangement and issue a decision within 60 days after ERCOT files its study results and recommendation.

Proposed §25.205(k) - Commission decision

Proposed §25.205(k) describes the conditions that the commission may impose on a net metering arrangement. Proposed §25.205(k)(1) states that if the commission approves a net metering arrangement with conditions, then the conditions imposed on the net metering arrangement must include requiring the existing generation resource to make dispatchable capacity available to the ERCOT region as directed by ERCOT in advance of an anticipated emergency condition. The dispatchable capacity made available to the ERCOT region in such an event must be at least equal to the amount of dispatchable capacity that was made available to the ERCOT region before implementation of the net metering arrangement. Proposed §25.205(k)(2) lists conditions that may be imposed on a net metering arrangement. Proposed §25.205(k)(2)(C) specifies that the conditions imposed on a net metering arrangement may include requiring initiation of a separate hold harmless proceeding for each net metering arrangement that results in stranded or underutilized transmission assets to ensure TSPs and their customers are held harmless. Proposed §25.205(k)(2)(D) specifies that the conditions imposed on a net metering arrangement may include maximum ramp rates for load curtailment. Proposed §25.205(k)(2)(E) specifies that the conditions imposed on a net metering arrangement may include any other requirement that is necessary to maintain system reliability. Proposed §25.205(k)(4) states that if the commission imposes a condition requiring a hold harmless proceeding and the TSP associated with the stranded or underutilized transmission assets was not a party to the proceeding in which the commission considered approving, with or without conditions, or denying the proposed net metering arrangement, then commission staff must provide notice to the TSP of the requirement to initiate a hold harmless proceeding.

Resolving an objection or addressing a violation of law

TEC recommended modifying proposed §25.205(k) to state that the 60-day deadline also applies to resolving an objection or addressing a violation of law.

Commission Response

The commission declines to adopt TEC's recommendation to modify adopted §25.205(k) to state that the 60-day deadline also applies to resolving an objection or addressing a violation of law because it is unnecessary.

Limit to dispatchable generation resources

CTEI, Onward, and Sierra Club recommended modifying proposed §25.205(k)(1) to limit the application of proposed §25.205(k)(1) to dispatchable generation resources, instead of all existing generation resources.

Commission Response

The commission declines to adopt CTEI, Onward, and Sierra Club's recommendation to modify adopted §25.205(k)(1) to limit its application to dispatchable generation resources, instead of all existing generation resources. However, the commission adds a definition for "dispatchable capacity" and modifies adopted §25.205(k)(1) to clarify its application to existing generation resources that made dispatchable capacity available to the ERCOT region before the net metering arrangement.

Add an implementation clause clarifying the meaning of specific terms

Eolian recommended modifying proposed §25.205(k)(1) to add a new implementation clause that clarifies the meaning of "dispatchable capacity" and "make available" under PURA §39.169(d).

Commission Response

The commission declines to adopt Eolian's recommendation to modify adopted §25.205(k)(1) to add a new implementation clause that clarifies the meaning of "dispatchable capacity" and "make available" under PURA §39.169 because it is unnecessary. Instead, the commission adds a definition for dispatchable capacity. Additionally, the commission modifies adopted §25.205(k)(3) to clarify that an existing generation resource that is required to make capacity available under a condition imposed by the commission must do so by curtailing the large load customer and injecting its power to the system to comply.

Dynamic contingency response tool

Splight recommended modifying proposed §25.205(k)(2) to include installation of a dynamic contingency response tool as part of the list of possible conditions that may be imposed on a net metering arrangement.

Commission Response

The commission declines to adopt Splight's recommendation to modify adopted §25.205(k)(2) to include installation of a dynamic contingency response tool as part of the list of possible conditions that may be imposed on a net metering arrangement because it is unnecessary. If a dynamic contingency response tool is an appropriate condition, then the adopted rule provides ERCOT with the flexibility to recommend that condition.

Clarify that a separate hold harmless proceeding may only be imposed in specific circumstances and clarify number of hold harmless proceedings

Onward recommended modifying proposed §25.205(k)(2)(C) to clarify that a separate hold harmless proceeding may only be initiated as a condition on a proposed net metering arrangement when transmission upgrades that are associated with the arrangement will not be fully utilized at the time the upgrades are made available to the broader ERCOT system. Additionally, Onward recommended clarifying whether there can only be one hold harmless proceeding per net metering arrangement or if there could be subsequent hold harmless proceedings that could result in ongoing risk to the parties in a net metering arrangement, particularly existing power generation resources in the arrangement.

Commission Response

The commission declines to adopt Onward's recommendation to modify adopted §25.205(k)(2)(C) to clarify that a separate hold harmless proceeding may only be initiated as a condition

on a proposed net metering arrangement when transmission upgrades that are associated with the arrangement will not be fully utilized at the time the upgrades are made available to the broader ERCOT system because the commission disagrees with this interpretation. PURA §39.169 does not limit the circumstances that the commission may impose a condition ensuring that customers are held harmless for stranded or underutilized transmission assets.

The commission declines to adopt Onward's recommendation to modify adopted §25.205(k)(2)(C) to clarify whether there can only be one hold harmless proceeding per net metering arrangement or if there could be subsequent hold harmless proceedings that could result in ongoing risk to the parties in a net metering arrangement, particularly existing power generation resources in the arrangement. The number of hold harmless proceedings may vary depending on the specific transmission assets that are identified as stranded or underutilized and the number of TSPs that are associated with those assets.

Limit the transmission assets for which customers may be held harmless and exclude TSPs from being held harmless

TCPA and Vistra recommended modifying proposed §25.205(k)(2)(C) to more closely align with the statutory language to ensure that the rule accomplishes the overarching policy directive of system reliability and to ensure that net metering arrangements are not reviewed for reliability as a one-off decision. Specifically, TCPA and Vistra recommended inserting "for which the commission has conditioned its approval because of a necessity to maintain system reliability" after "net metering arrangement" and striking "TSPs and their." TCPA and Vistra noted that the statute only specifies customers being held harmless.

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(k)(2)(C) by inserting "for which the commission has conditioned its approval because of a necessity to maintain system reliability" after "net metering arrangement" and striking "TSPs and their." PURA §39.169 does not limit the commission's authority to impose a condition holding customers harmless based on whether the stranded or underutilized transmission assets are necessary to maintain system reliability. With respect to also holding TSPs harmless, the commission notes that customers are held harmless by ensuring that TSPs do not include the costs for stranded or underutilized transmission assets in their rates.

Limit the circumstances for a hold harmless proceeding

Calpine recommended modifying proposed §25.205(k)(2)(C) to state that initiation of a hold harmless proceeding may only be required if a party to the net metering arrangement asserted during the proceeding that the arrangement would result in stranded or underutilized transmission assets.

Commission Response

The commission declines to adopt Calpine's recommendation to modify adopted §25.205(k)(2)(C) to state that initiation of a hold harmless proceeding may only be required if a party to the net metering arrangement asserted during the proceeding that the arrangement would result in stranded or underutilized transmission assets. The commission notes that the parties to a net metering arrangement have an interest in not identifying stranded or underutilized transmission assets that result from the net metering arrangement. Therefore, requiring that the parties to a net

metering arrangement assert that the arrangement would result in stranded or underutilized transmission assets in order to hold customers harmless would frustrate the purpose of the statute's requirement that the commission consider imposing a condition requiring customers be held harmless for stranded or underutilized transmission assets. The commission determines that it is within its statutory authority and obligation to serve the public interest to independently evaluate whether transmission assets are stranded or underutilized and if so, to impose a condition holding customers harmless for those transmission assets.

Remove maximum ramp rates for load curtailment from the list of conditions that the commission may impose on a net metering arrangement

Onward and TCPA recommended removing proposed §25.205(k)(2)(D). Onward reasoned that maximum ramp rates for load curtailment are not listed as a possible condition in PURA §39.169. TCPA reasoned that controls on how fast a load can curtail or come back online, not the overall ramp rate for total energy use, are used in system planning and therefore are more appropriately taken up as a broader policy topic rather than in a narrow application to only one subset of loads based solely on their physical location relative to a generator.

Commission Response

The commission declines to adopt Onward and TCPA's recommendation to remove maximum ramp rates for load curtailment from the list of conditions that the commission may impose on a net metering arrangement. PURA §39.169(d) provides a non-exhaustive list of conditions that the commission may impose to maintain system reliability, which means that the commission may impose other conditions not identified in PURA §39.169.

The generic meaning of "ramp rate" refers to an increase or decrease of MW consumed (i.e., load) or produced (i.e., resource output) over a given period of time.

However, any ramp rate limitations for load curtailment is appropriately related to maintaining system reliability and therefore may be a condition that the commission imposes on a net metering arrangement, especially considering that the tool would be used during emergency conditions when system conditions may be more vulnerable. Therefore, for added clarity, the commission modifies adopted 25.205 (k)(2)(D) by replacing "maximum ramp rates" with "any ramp rate limitations or maximum duration" for load curtailment.

"Reasonable" requirements, conditions to resolve an objection or address a violation of law, and any other requirement necessary to maintain system reliability

TCPA and Vistra recommended modifying proposed §25.205(k)(2)(E) by inserting "reasonable" before "requirement." TEC recommended modifying proposed §25.205(k)(2)(E) to state that the commission may impose conditions to resolve an objection or address a violation of law. Onward recommended modifying adopted §25.205(k)(2) to remove the ability for the commission to impose any other requirement that is necessary to maintain system reliability because this language is not captured in PURA §39.169.

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(k)(2)(E) to insert "reasonable" before "requirement" because it is unnecessary. Any requirement that is imposed as a condition on a net metering ar-

rangement must be based on findings of fact and conclusions of law, thus ensuring that the requirement is reasonable. The commission declines to adopt TEC's recommendation to modify adopted §25.205(k)(2)(E) to state that the commission may impose conditions to resolve an objection or address a violation of law because it is unnecessary. The commission has statutory authority to resolve an objection or address a violation of law without the need to restate that authority in the adopted rule. The commission declines to adopt Onward's recommendation to remove the ability for the commission to impose any other requirement that is necessary to maintain system reliability. PURA §39.169 provides a non-exhaustive list of conditions that the commission may impose to maintain system reliability, which means that the commission may impose other conditions not identified in PURA §39.169. For added clarity, the commission modifies adopted §25.205(k)(2) to specify that the commission may impose conditions, including one or more of the listed requirements and replaces "and" in the list of conditions with "or." The commission also adds §25.205(k)(7), which further clarifies that nothing in the adopted rule limits the commission's authority to impose conditions on a net metering arrangement under the Public Utility Regulatory Act.

Replace "behind-the-meter" and "behind the meter" with "net metering arrangement"

TPPA recommended modifying proposed §25.205(k)(2)-(3) to replace "behind-the-meter" and "behind the meter" with "net metering arrangement" for consistency.

Commission Response

The commission declines to adopt TPPA's recommendation to modify adopted §25.205(k)(2) and (5) to replace "behind-the-meter" and "behind the meter" with "net metering arrangement" because the terms are not synonymous.

Remove the requirement for ERCOT to include load reduction when calculating price adjustments for reliability deployments

TPPA recommended modifying proposed §25.205(k) to remove proposed §25.205(k)(3). TPPA noted that curtailments assumed under the proposed rule would not reduce the amount of load drawing energy from the grid but would instead introduce new generation to the grid that otherwise was serving the large load customer. Therefore, TPPA reasoned that such deployments should not impact price adjustments for reliability price adders. Moreover, the ERCOT stakeholder process remains the appropriate forum for discussing non-legislatively mandated price adder adjustments.

Commission Response

The commission declines to adopt TPPA's recommendation to remove adopted §25.205(k)(5). The purpose of any price adjustment is to bring transparency to the out of market actions performed by ERCOT for reliability, which cannot be predicted by market participants and incorporated in price formation. These can be both load and generation deployments. ERCOT runs an energy only market that relies on robust and transparent price formation. The adopted rule directs ERCOT to include such adjustments only for the out of market actions. The commission expects the details for the settlement of the load and generation to be developed in the ERCOT stakeholder process. However, the commission modifies adopted §25.205(k)(5) to include generation dispatched so that it is more transparent.

Remove requirement for notice to TSP that is not a party to the proceeding

Calpine recommended removing proposed §25.205(k)(4) because there is no likely scenario in which the TSP associated with a stranded or underutilized transmission asset relevant to a net metering arrangement would not have been a party to the proceeding which approved the net metering arrangement that includes a condition requiring a hold harmless proceeding.

Commission Response

The commission declines to adopt Calpine's recommendation to remove the requirement for commission staff to notify a TSP if its transmission assets are identified as stranded or underutilized and the TSP was not a party to the proceeding in which the commission considered approving, with or without conditions, or denying the net metering arrangement. A scenario could arise in which a TSP is not a party to the proceeding but has transmission assets that are identified as stranded or underutilized as a result of the net metering arrangement. Therefore, it is appropriate to ensure a mechanism for providing notice to that TSP is set forth in the adopted rule.

Address the stranded or underutilized transmission assets in the proceeding for the net metering arrangement instead of a separate hold harmless proceeding

CTEI recommended against a separate hold harmless proceeding and instead addressing all details related to a hold harmless condition in the proceeding approving the net metering arrangement. CTEI reasoned that the determination of a hold harmless condition could have significant financial impacts, and as a practical matter the applicants may be subject to additional regulatory delays beyond the timeline established by the Legislature for reviewing these net metering arrangements.

Commission Response

The commission declines to adopt CTEI's recommendation to address all details related to a hold harmless condition in the proceeding approving the net metering arrangement instead of addressing those details in a separate hold harmless proceeding. ERCOT must first recommend whether transmission assets will be stranded or underutilized as a result of a net metering arrangement, and the commission must then determine whether a condition holding customers harmless is appropriate. The 60-day deadline for processing the net metering arrangement does not provide sufficient time to gather the necessary evidence from the TSP that owns the stranded or underutilized transmission assets, and, in some cases, the associated TSP may not be a party to the proceeding in which the commission considers approving a net metering arrangement. Therefore, a separate hold harmless proceeding is appropriate to ensure that the necessary evidence is presented, and all necessary entities are a party to the proceeding.

Proposed §25.205(l) - Hold harmless proceeding

Proposed §25.205(l) sets forth the requirements for initiating a hold harmless proceeding and the general framework for the hold harmless proceeding. Proposed §25.205(l)(2) specifies that the parties to a hold harmless proceeding are not limited to the same parties that are authorized to participate in a net metering arrangement proceeding. Proposed §25.205(l)(3)(B) requires updated billing units to be applied when establishing rates reflecting the removal of the appropriate costs associated with the stranded or underutilized transmission assets.

Clarify transmission assets may be identified as potentially stranded or underutilized regardless of who the assets were installed for

CenterPoint recommended modifying proposed §25.205(l) to clarify that transmission assets installed for the large load customer and transmission assets installed for the generation resource may be identified as potentially stranded or underutilized.

Commission Response

The commission declines to adopt CenterPoint's recommendation to modify adopted §25.205(l) to clarify that transmission assets installed for the large load customer and transmission assets installed for the generation resource may be identified as potentially stranded or underutilized because it is unnecessary. Whether a transmission asset is stranded or underutilized is not dependent on whether the assets were installed for a specific purpose, as is demonstrated by the definitions for the terms.

Permit withdrawal of net metering arrangement application

TSSA recommended modifying proposed §25.205(l) to authorize the parties to a net metering arrangement to withdraw the net metering request at any time during the hold harmless proceeding, without penalty or prejudice, and to clarify the primary of any agreement between the parties to the net metering arrangement regarding potential stranded or underutilized cost recovery. With regard to its first recommended change, TSSA reasoned that the delays associated with the separate, extra proceeding and the regulatory uncertainty of potentially significant stranded cost responsibility could change the economics of the project, resulting in the parties no longer wishing to proceed once all of the facts are known. Regarding its second recommended change, TSSA reasoned that the parties to the net metering arrangement are better suited to manage potential financial risk and promote judicial economy of scarce commission rules. Therefore, the commission should give effect to the agreement of the parties and only absent contractual arrangement, decide the proportion of cost responsibility between the existing generation resource and the large load customer.

Commission Response

The commission declines to adopt TSSA's recommendation to modify adopted §25.205(l) to authorize the parties to a net metering arrangement to withdraw their application for a net metering arrangement at any time during the hold harmless proceeding, with or without prejudice, because it is unnecessary. The commission's procedural rules govern the process for withdrawing an application. The commission also declines to adopt TSSA's recommendation to modify adopted §25.205(l) to clarify the primary of any agreement between the parties to the net metering arrangement regarding the potential stranded or underutilized cost recovery. While an agreement may be considered and potentially given great weight, the commission determines that it is appropriate to maintain discretion over making such a determination to ensure that customers are held harmless based on the specific facts of each contested case proceeding.

Clarify what is referred to by "in a proportion" and specify a TSP may use existing process and procedures for recovery of debts owed by market participants

ETT recommended modifying proposed §25.205(l) to clarify that the phrase "in a proportion determined by the commission" is intended to refer to assigning proportion to the two entities that would be responsible for the costs (i.e., the existing generation resource owner and the interconnecting large load customer), rather than referring to a proportion of the costs themselves. ETT also recommended modifying proposed §25.205(l) to spec-

ify that in an instance where the existing generation resource owner or interconnecting large load customer fails to pay the costs established in a hold harmless proceeding, the TSP may utilize existing process and procedures for recovering debts owed by market participants, including mechanisms outlined in the existing ERCOT Protocols.

Commission Response

The commission declines to adopt ETT's recommendation to modify adopted §25.205(l) to clarify that the phrase "in a proportion determined by the commission" is intended to refer to assigning proportion to the two entities that would be responsible for the costs rather than referring to a proportion of the costs themselves because it is unnecessary. The commission also declines to modify §25.205(l) to specify that in an instance where the existing generation resource owner or interconnecting large load customer fails to pay the costs established in a hold harmless proceeding, the TSP may utilize existing process and procedures for recovering debts owed by market participants, including mechanisms outlined in the existing ERCOT Protocols because it is unnecessary to address in the adopted rule.

Limit the parties to a hold harmless proceeding

TCPA and Vistra recommended modifying proposed §25.205(l)(2) to limit the parties to a hold harmless proceeding to the same limited parties that are authorized to participate in a net metering arrangement proceeding under PURA §39.169.

Commission Response

The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(l) to limit the parties to a hold harmless proceeding to the same limited parties that are authorized to participate in a net metering arrangement proceeding under PURA §39.169. A TSP associated with the stranded or underutilized transmission assets may not be a party to the proceeding for the net metering arrangement. Therefore, such a limitation is not appropriate.

Leave billing units unchanged from the last commission-approved transmission cost of service

ETT recommended modifying proposed §25.205(l)(3)(B) to leave billing units unchanged from the last commission-approved transmission cost of service instead of updating billing units when establishing rates reflecting the removal of the appropriate costs associated with the stranded or underutilized transmission assets. ETT reasoned that the hold harmless proceeding should remain narrowly focused on quantifying and allocating costs specifically associated with stranded or underutilized transmission assets resulting from a net metering arrangement.

Commission Response

The commission agrees with ETT that the hold harmless proceeding should focus narrowly on removing the applicable costs from rates and not updating any other costs or billing determinants used to establish rates. The commission modifies adopted §25.205(l)(3)(B) accordingly.

Clarify a hold harmless proceeding will follow the Texas Administrative Procedures Act

CTEI and Onward recommended modifying proposed §25.205(l) to clarify that a hold harmless proceeding will follow the Texas Administrative Procedure Act rules for a contested case under Texas Government Code §2001.003(1) and otherwise allow for

due process and an opportunity to examine the TSP's data and information.

Commission Response

The commission declines to adopt CTEI and Onward's recommendation to modify proposed §25.205(l) to clarify that a hold harmless proceeding will follow the Texas Administrative Procedure Act rules for a contested case under Texas Government Code §2001.003(1) and otherwise allow for due process and an opportunity to examine the TSP's data and information. The commission determines that restating the applicable body of law is not necessary.

Proposed §25.205(m) - Periodic evaluation of conditions imposed.

Proposed §25.205(m) requires periodic evaluation of conditions that are imposed on a net metering arrangement, and those conditions are not limited to a specific period.

ERCOT recommended modifying proposed §25.205(m) to add a requirement for the party to serve a copy of the application on all parties identified in proposed §25.205(d)(2). ERCOT reasoned that based on its responsibility for grid reliability, its role in recommending conditions to the commission, and its involvement as a party to the original proceeding in which the conditions were imposed, ERCOT should have an opportunity to be a party to any proceeding initiated under proposed §25.205(m).

TCPA and Vistra recommended modifying proposed §25.205(m) to remove "at least 36 months" because the restriction for a party to the arrangement to initiate the review to no less than 36 months conflicts with the statute.

TPPA recommended modifying proposed §25.205(m) to clarify that the conditions described "under this section" are linked to the conditions contemplated under proposed §25.205(k). TPPA also recommended specifying that the "parties to a net metering arrangement" are limited to the large load customer and generation resource. TPPA reasoned that without this clarification, the subsection could be read to require the interconnecting entity or ERCOT to file the application for a hold harmless proceeding.

Commission Response

The commission adopts ERCOT's recommendation to modify adopted §25.205(m) to add a requirement for the party to serve a copy of the application on all parties identified in adopted §25.205(d)(2). The commission declines to adopt TCPA and Vistra's recommendation to modify adopted §25.205(m) to remove "at least 36 months." The commission determines that 36 months is an appropriate time to allow the conditions to serve their purpose before being re-evaluated. Not identifying a minimum time frame for the conditions would allow parties to a net metering arrangement to immediately apply to remove the condition, which could result in inefficient use of staff and resources. The commission declines to adopt TPPA's recommendation to clarify that the conditions described "under this section" are linked to the conditions contemplated under adopted §25.205(k) because it is unnecessary. The commission also declines to adopt TPPA's recommendation to specify that the parties to a net metering arrangement are limited to the large load customer and generation resource because it is unnecessary. The definition for a net metering arrangement contemplates that a large load customer and an existing generation resource are parties to the net metering arrangement.

In adopting this section, the commission makes other minor modifications for the purpose of clarifying its intent.

This section is adopted under the following provisions of Public Utility Regulatory Act (PURA): §14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction; PURA §39.151, which grants the commission authority to oversee ERCOT; and PURA §39.169, which requires the commission to approve, deny, or impose reasonable conditions on a proposed net metering arrangement involving a large load customer and an existing generation resource.

Cross Reference to Statutes: PURA §14.001; §14.002; §39.151; and §39.169.

§25.205. Net Metering Arrangements Involving a Large Load Customer Co-Located with an Existing Generation Resource.

(a) **Applicability.** This section applies to a net metering arrangement involving a large load customer and an existing generation resource in the ERCOT region. This section does not apply to a generation resource or energy storage resource that meets the following criteria:

(1) the modeled generation resource or energy storage resource facility included a co-located large load customer at the time of the generation resource or energy storage resource's energization, regardless of whether the large load customer was energized at a later date; or

(2) a majority interest of the generation resource or energy storage resource was owned indirectly or directly as of January 1, 2025, by a parent company of a large load customer that participates in the new net metering arrangement.

(b) **Definitions.** The following words and terms, when used in this section, have the following meanings unless the context indicates otherwise:

(1) **Applicants**--The large load customer and the power generation company, municipally owned utility, or electric cooperative that are parties to a net metering arrangement for which approval is sought under this section.

(2) **Dispatchable capacity**--Output capacity that can be controlled primarily by forces under human control.

(3) **Energy storage resource**--An energy storage resource as the term is defined in ERCOT protocols.

(4) **ERCOT system**--ERCOT system as the term is defined in ERCOT protocols.

(5) **Existing generation resource**--A generation resource registered with ERCOT as a stand-alone generation resource as of September 1, 2025 or an energy storage resource registered with ERCOT as a stand-alone energy storage resource as of September 1, 2025.

(6) **Generation resource**--A generation resource as the term is defined in ERCOT protocols.

(7) **Interconnecting distribution service provider (DSP)**--Includes the transmission and distribution utility, municipally owned utility, or electric cooperative that is certificated or otherwise authorized to provide either retail electric service or retail electric delivery

service at the location in which the large load customer seeks to interconnect.

(8) Interconnecting transmission service provider (TSP)--The electric utility, municipally owned utility, or electric cooperative that owns and operates the facilities necessary to interconnect the large load customer or the existing generation resource to the ERCOT system.

(9) Large load customer--An entity requesting a new or expanded interconnection where the customer's total expected non-coincident peak demand at a single site is equal to or greater than 75 megawatts (MW), and as of September 1, 2025, was not modeled in ERCOT's Network Operations Model as part of a generation resource private use network (PUN) or an energy storage resource PUN.

(10) Net metering arrangement--An arrangement in which an existing generation resource and a large load customer agree to net the existing generation resource's output with the customer's load for settlement purposes based on a metering scheme approved by ERCOT.

(11) Stand-alone energy storage resource--An energy storage resource that, as of September 1, 2025, was included in ERCOT's Network Operations Model and such model of the resource site did not include modeled load other than auxiliary load.

(12) Stand-alone generation resource--A generation resource that, as of September 1, 2025, was included in ERCOT's Network Operations Model and such model of the resource site did not include modeled load other than auxiliary load.

(13) Stranded transmission asset--A transmission asset that, as a result of a net metering arrangement, is no longer providing service to the public or may otherwise be retired from service without impairing the ability of the ERCOT system to provide adequate transmission service to customers.

(14) Underutilized transmission asset--A transmission asset that, as a result of a net metering arrangement, is expected to transmit on an average, annual basis at least 25% less power commensurate with its maximum capacity to transmit power and is not providing significant reliability benefits to the ERCOT system.

(c) Commission approval required. A power generation company, municipally owned utility, or electric cooperative must not implement a net metering arrangement involving a large load customer and an existing generation resource unless the net metering arrangement is approved by the commission.

(d) Initiating the process for approval of a net metering arrangement.

(1) Prior to ERCOT commencing its study under subsection (g) of this section, the applicants seeking approval of a net metering arrangement must apply to the commission, using a new docket number, for approval of the net metering arrangement by filing an application that meets the requirements of §22.73 of this title (relating to General Requirements for Applications). The application must include:

(A) direct testimony supporting the application;

(B) a completed large load interconnection study as the term is defined in ERCOT protocols as of the date the application is filed with the commission or a study report from another completed study process to interconnect a large load customer that is required by ERCOT protocols as of the date the application is filed with the commission;

(C) identification of the interconnecting transmission service provider (TSP);

(D) if different from the interconnecting TSP, the identification of the interconnecting DSP; and

(E) a copy of the notice submitted to ERCOT.

(2) Upon filing its application with the commission, the applicants must serve copies of the application, consistent with the requirements in §22.74 of this title (relating to Service of Pleadings and Documents), on:

(A) ERCOT;

(B) the interconnecting TSP; and

(C) if different from the interconnecting TSP, the interconnecting DSP.

(3) Following the filing of an application under this section, if the physical characteristics of the proposed large load or the proposed physical configuration of the load in the net metering arrangement materially changes in a way that requires restudy under the large load interconnection study process, as described in ERCOT protocols in effect at the time the application for the net metering arrangement is filed with the commission, ERCOT must file notice in the docket that restudy is necessary. An application for approval of a net metering arrangement that requires restudy under this subsection is considered a new application and restarts the procedural deadlines.

(e) Parties to a proceeding under this section.

(1) The parties to a proceeding under this section are limited to:

(A) the applicants;

(B) commission staff;

(C) ERCOT;

(D) the interconnecting TSP; and

(E) if different from the interconnecting TSP, the interconnecting DSP.

(2) The parties to a proceeding under this section need not file a motion to intervene.

(3) A party to a proceeding under this section may file notice identifying whether the party intends to participate in the proceeding.

(f) Discovery.

(1) Discovery may commence on or after the date an application under this section is filed with the commission.

(2) ERCOT is not required to follow the discovery process to obtain the necessary information to conduct its study under subsection (g) of this section.

(3) The presiding officer may establish reasonable deadlines relating to discovery to facilitate the processing of the application within the statutory deadlines.

(g) Commencement of ERCOT study.

(1) The parties to a net metering arrangement must provide ERCOT all information that ERCOT deems necessary regarding the net metering arrangement.

(2) The interconnecting TSP must submit the following to ERCOT:

(A) all transmission security analysis studies that ERCOT requires of the TSP under the large load interconnection study process and described in ERCOT protocols that are in effect at the time

the application for approval of the net metering arrangement is filed with the commission;

(B) assets and facilities that are de-energized as a result of the net metering arrangement, the results of power flow modeling, and any other information relevant to a determination of whether stranded or underutilized transmission assets may result from the arrangement; and

(C) any other information that ERCOT deems necessary.

(3) Upon confirmation of completion of all studies required by ERCOT under the large load interconnection study process, as described in ERCOT protocols, that is in effect at the time the application for approval of the net metering arrangement is filed with the commission and following receipt of the information described in paragraph (2) of this subsection, ERCOT must conduct a study of the system impacts of the net metering arrangement, including transmission security and resource adequacy impacts, and stranded or underutilized transmission assets associated with the net metering arrangement. Not later than seven days after commencing its study, ERCOT must file notice in the docket indicating ERCOT received all information it deems necessary to conduct its study regarding the net metering arrangement and specifying the date that ERCOT commenced its study and the date ERCOT must file its study results and recommendations.

(4) ERCOT must provide commission staff any access, information, support, or cooperation that commission staff determines is necessary to provide its recommendations under this section.

(h) General requirements of ERCOT study. ERCOT's study of a net metering arrangement must include:

(1) a resource adequacy analysis that considers:

(A) the large load customer's curtailment capability;

(B) on-site back up generation capability to offset the large load customer;

(C) expected net generation available to the ERCOT system after implementation of the net metering arrangement; and

(D) the impacts of reduced net capability or lower availability on reserve margins or other reliability criteria;

(2) a transmission security analysis that is comprised of a steady state and stability load serving study with and without the generation, under peak scenarios and off-peak scenarios, including review of a completed large load interconnection study as the term is defined in ERCOT protocols as of the effective date of this section or another study required by ERCOT under the large load interconnection study process described in ERCOT protocols in effect at the time the application for approval of a net metering arrangement is filed with the commission;

(3) an analysis identifying transmission assets that may become stranded or underutilized as a result of the net metering arrangement, including the identity of the TSP associated with each such asset and the degree to which any transmission assets are expected to be underutilized from both a delivery and a reliability perspective; and

(4) any other analysis or study that ERCOT determines is necessary.

(i) ERCOT study results. Not later than ten days before ERCOT files its study results and recommendations, ERCOT must file notice in the docket indicating the date that ERCOT expects to file its study results and recommendations. Not later than 120 days after ERCOT's filing indicating ERCOT received all information it deems nec-

essary to conduct its study regarding the net metering arrangement and specifying the date ERCOT commenced its study, ERCOT must file its study results and associated recommendations. ERCOT's filing must include:

(1) direct testimony supporting the filing;

(2) an executive summary of the study, including any ERCOT recommendations, that identifies:

(A) the large load customer;

(B) whether the large load customer seeks a new or expanded interconnection;

(C) whether the large load customer or any other customer is already located at the requested interconnection site and if so, that customer's peak demand at the requested interconnection site;

(D) whether ERCOT identified any potentially stranded transmission assets or underutilized transmission assets, or any negative impacts to system reliability, including transmission security and resource adequacy impacts;

(E) ERCOT's recommendation to approve, with or without conditions, or deny the net metering arrangement; and

(F) whether ERCOT recommends conditions to mitigate an impact or potential impact to transmission security, resource adequacy, or both;

(3) the complete study, detailing:

(A) ERCOT's analysis;

(B) the underlying assumptions used in the study;

(C) the sources of data used in the study;

(D) the existing generation resource's seasonal net max sustainable rating for each season as reported to ERCOT in the existing generation resource's most recent resource registration data and how that existing generation resource can comply with a requirement to make at least that same amount of dispatchable capacity available after implementation of the net metering arrangement, as applicable; and

(E) whether ERCOT identified any negative impacts to resource adequacy that cannot be mitigated with curtailment of the large load customer; and

(F) whether any transmission assets are stranded or underutilized, including the degree to which any underutilized transmission assets are underutilized from a delivery or a reliability perspective, and the identity of the associated TSPs;

(4) a detailed explanation of the basis for any conditions that ERCOT recommends and the extent to which those conditions are expected to mitigate a reliability risk to the ERCOT system; and

(5) any other information that ERCOT relied on or considered.

(j) Procedural schedule. After ERCOT files its study results and recommendations, the presiding officer must set a procedural schedule that will enable the commission to issue an order in the proceeding within 60 days of ERCOT's filing.

(1) The procedural schedule must be substantially similar to the following:

(A) the deadline for the applicants to file a statement of position or supplemental direct testimony is five days after ERCOT files its study results and recommendations;

(B) the deadline for the interconnecting TSP, and, if different from the interconnecting TSP, the interconnecting DSP to file a statement of position, direct testimony, or an objection to the net metering arrangement is ten days after ERCOT files its study results and recommendations;

(C) the deadline to request a hearing on the merits is ten days after ERCOT files its study results and recommendations;

(D) the deadline for ERCOT to file a response to other parties' filings is 15 days after ERCOT files its study results and recommendations;

(E) the deadline for commission staff to file a statement of position or direct testimony, including its recommendations, is 17 days after ERCOT files its study results and recommendations;

(F) if no hearing on the merits is requested, the deadline to file a stipulation or agreement, a joint motion to admit evidence, and a joint proposed order is 24 days after ERCOT files its study results and recommendations;

(G) if a hearing on the merits is requested, the hearing on the merits will commence up to 28 days after ERCOT files its study results and recommendations; and

(H) if a hearing on the merits is requested:

(i) the deadline for initial briefs is 34 days after ERCOT files its study results and recommendations; and

(ii) the deadline for reply briefs and proposed orders is 40 days after ERCOT files its study results and recommendations.

(2) Notwithstanding any provision of this section, the presiding officer may set a different procedural schedule than the one set forth in this subsection or adjust any procedural deadlines to facilitate the commission issuing an order in the proceeding within 60 days after ERCOT files its study results and recommendations.

(k) Commission decision. Not later than 60 days after ERCOT files its study results and recommendations, the commission will approve, with or without conditions, or deny an application for a net metering arrangement as necessary to maintain system reliability, including transmission security and resource adequacy impacts.

(1) If the commission approves a net metering arrangement with conditions on an existing generation resource that makes dispatchable capacity available to the ERCOT region before the net metering arrangement, then the conditions imposed on the net metering arrangement must include requiring the existing generation resource to make dispatchable capacity available to the ERCOT region as directed by ERCOT in advance of an anticipated emergency condition. The dispatchable capacity made available to the ERCOT region in such an event must be at least equal to the amount of dispatchable capacity that was made available to the ERCOT region before implementation of the net metering arrangement.

(2) The commission may impose conditions on a net metering arrangement, including requiring one or more of the following:

(A) the retail customer(s) served behind-the-meter to reduce load during certain events;

(B) the existing generation resource to make capacity available to the ERCOT region during certain events;

(C) initiation of a separate hold harmless proceeding for each net metering arrangement that results in stranded or underutilized transmission assets in order to ensure TSPs and their customers are held harmless;

(D) any ramp rate limitations or maximum duration for load curtailment; or

(E) any other requirement that is necessary to maintain system reliability.

(3) An existing generation resource that must make dispatchable capacity available under paragraph (1) of this subsection must make dispatchable capacity available by adjusting the existing generation resource's output in accordance with ERCOT's instructions.

(4) An existing generation resource that must make capacity available under paragraph (2) of this subsection must make capacity available by complying with any conditions specific to the existing generation resource.

(5) If the commission imposes a condition that requires a large load customer to reduce load or requires an existing generation resource to adjust its output in accordance with ERCOT's instructions, ERCOT must include any such load reduction and generation increases when calculating any price adjustments for reliability deployments.

(6) If the commission imposes a condition requiring a hold harmless proceeding and the TSP associated with the stranded or underutilized transmission assets was not a party to the proceeding in which the commission considered approving, with or without conditions, or denying the proposed net metering arrangement, then commission staff must provide notice to the TSP of the requirement to initiate a hold harmless proceeding under subsection (l) of this section not later than seven days after the commission order imposing the condition. Notice may be served by delivering a copy of the commission order by physical or electronic mail to the TSP's authorized representative or attorney of record in the TSP's last comprehensive base rate case.

(7) Nothing in this section limits the commission's authority to impose conditions on a net metering arrangement under the Public Utility Regulatory Act.

(l) Hold harmless proceeding. Within 60 days of a commission order requiring a hold harmless proceeding, each TSP associated with stranded or underutilized transmission assets that result from a net metering arrangement must file an application to quantify the costs associated with such assets and to reflect removal of those costs from the TSP's rates. Such costs must not be included in the TSP's rates in future proceedings absent an explicit commission determination in a comprehensive base rate proceeding that the associated transmission assets are no longer stranded or underutilized, and that the TSP has not otherwise been compensated for those costs. Upon removal from rates, these costs must be collected by the TSP from the existing generation resource owner and the interconnecting large load customer in a proportion determined by the commission or by agreement between the existing generation resource owner and the interconnecting large load customer.

(1) The application must include information sufficient to identify the costs associated with the stranded or underutilized transmission assets.

(2) The parties to a hold harmless proceeding under this subsection are not limited to the parties identified in subsection (e) of this section.

(3) Removal from rates of the costs associated with stranded or underutilized transmission assets, along with all associated depreciation, tax, return, and other cost of service components including an appropriate amount of operations and maintenance expenses, may be implemented in a manner otherwise consistent with the ratemaking treatments associated with an interim update of

transmission rates under §25.192 of this Title (related to Transmission Service Rates), provided that:

(A) increases in costs must not be included in a hold harmless proceeding;

(B) the timeline for approval included in §25.192 does not apply to a hold harmless proceeding under this subsection; and

(C) a hold harmless proceeding under this subsection is not an interim update to a TSP's rates for purposes of determining the frequency of interim updates authorized under §25.192.

(m) Periodic evaluation of conditions imposed. If the conditions imposed on a net metering arrangement under this section are not limited to a specific period, a party to the net metering arrangement must apply for a commission determination of whether the conditions should be extended, with or without modification, or rescinded at least 36 months and not more than 60 months after the order approving the net metering arrangement with conditions. A party to the net metering arrangement applying for a commission determination of whether the conditions should be extended, with or without modification, or rescinded must serve a copy of the application on all parties identified in subsection (d)(2) of this subsection.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 26, 2026.

TRD-202601385

Katelyn Lewis

Projects Coordinator

Public Utility Commission of Texas

Effective date: April 15, 2026

Proposal publication date: October 3, 2025

For further information, please call: (512) 936-7044



TITLE 19. EDUCATION

PART 2. TEXAS EDUCATION AGENCY

CHAPTER 150. COMMISSIONER'S RULES CONCERNING EDUCATOR APPRAISAL

The Texas Education Agency (TEA) adopts the repeal of §§150.1012 - 150.1014, and new §§150.1041 - 150.1043, concerning educator appraisal. The repeal of §§150.1012 - 150.1014 and new §150.1042 and §150.1043 are adopted without changes to the proposed text as published in the December 12, 2025 issue of the *Texas Register* (50 TexReg 7970) and will not be republished. New §150.1041 is adopted with changes to the proposed text as published in the December 12, 2025 issue of the *Texas Register* (50 TexReg 7970) and will be republished. The adopted repeals and new rules implement House Bill (HB) 2, 89th Texas Legislature, Regular Session, 2025, and establish requirements for enhanced teacher incentive allotment systems, modify teacher designation policies to account for new designation levels, and update teacher designation performance standards.

REASONED JUSTIFICATION: Texas Education Code (TEC), §21.3521, establishes a local optional teacher designation system and enhanced teacher incentive allotment designation, and TEC, §48.112, establishes a teacher incentive allotment.

Section 150.1012 implements the statutes by establishing the requirements for school districts and charter schools to implement local teacher designation systems. Section 150.1013 implements the statutes by establishing designation requirements for National Board Certified teachers. Section 150.1014 implements the statutes by specifying performance standards for teacher designations.

New Chapter 150, Subchapter DD, establishes the commissioner of education's rules concerning educator appraisal and teacher designation systems under the Teacher Incentive Allotment (TIA). The adopted new rules expand the framework to support enhanced teacher incentive allotment designation systems, clarify eligibility and funding provisions, and align performance standards with statutory requirements under TEC, §21.3521 and §48.112.

Enhanced teacher incentive allotment systems will require an administrator evaluation component, which exceeds the scope of teacher appraisal. The adoption removes existing rules in Subchapter AA, Teacher Appraisal, and adds new Subchapter DD, Teacher Incentive Allotment, to reflect the evolution of the TIA program and consolidate provisions related to teacher designation systems. Specifically, the adoption repeals §§150.1012, 150.1013, and 150.1014 and creates new §§150.1041, 150.1042, and 150.1043.

Adopted new §150.1041 expands the definitions applicable to local optional teacher designation systems to include "core content areas," "Enhanced Teacher Incentive Allotment System," "school leaders," and "strategic compensation." These additions are necessary to implement the enhanced designation framework and support strategic staffing and compensation planning.

Adopted new §150.1041 expands the definition of designated teachers to include "acknowledged" and "nationally board certified" teachers in alignment with amendments to TEC, §21.3521.

Adopted new §150.1041(a)(2) revises the fee structure for system renewal to differentiate between school districts based on enrollment size and rural status, thereby aligning renewal costs with district capacity and geographic context. Non-rural school districts with enrollment under 1,000 students will pay the same reduced system renewal fee as rural districts.

Adopted new §150.1041(b) clarifies teacher designation eligibility requirements to account for the new designation level "acknowledged" and adds a redesignation provision for teachers whose designation is set to expire within one year. These changes are intended to ensure continuity of recognition for high-performing educators.

Adopted new §150.1041(b)(1)(A) and §150.1042(b)(1)(A) and (5) update the data element term "role ID" to "staff classification" and data element term "class role" to "classroom position." This aligns the rule with updates to Texas Student Data Standards (TSDS) descriptor tables.

As a result of public comment, at adoption new §150.1041(b)(1)(C) has been modified to provide a fourth-year redesignation pathway for acknowledged, recognized, and exemplary teachers; subparagraph (D) has been removed; and the following subparagraph has been relettered.

Adopted new §150.1041(c)(3) establishes criteria for school districts seeking an enhanced teacher incentive allotment designation, including implementation of strategic compensation systems, administrator appraisal components, and performance-based salary schedules. These provisions are designed to sup-

port districts in aligning compensation with educator effectiveness and student need. At adoption, the term "substantially" was added to §150.1041(c)(3)(A)(i) to add flexibility for unforeseen circumstances, and grammar and a citation were corrected in subsection (c)(3)(B)(i).

Adopted new §150.1041(d)(1)(K) requires districts to seek approval for modifications to enhanced teacher incentive allotment designation application components, ensuring that changes to strategic compensation plans are reviewed by TEA prior to implementation.

Adopted new §150.1041(f)(1) streamlines the system renewal criteria for local optional teacher designation systems by removing requirements for prior system approval or provisional approval. This simplifies the system renewal timeline for districts to align with the original application submission year.

Adopted new §150.1041(f)(2) incorporates clarifying language to delineate statutory spending requirements applicable to funds received for individual teacher designations versus those received for enhanced teacher incentive allotment systems.

Adopted new §150.1042(b)(2) sunsets the recognized designation for National Board Certified teachers effective August 1, 2026, and redesignates such teachers as nationally board certified to align with the updated designation level in TEC, §21.3521.

Adopted new §150.1042(b)(6) clarifies that school districts may not receive duplicate funding for teachers designated under both National Board and local designation systems, which aligns with prior policies for teachers with a current recognized designation.

Adopted new §150.1043(b)(1) establishes teacher observation and student growth performance standards for the new acknowledged level designation. The subsection also removes the teacher observation minimum proficiency score requirement for designation eligibility and expands access to teacher designations.

The adopted repeal and new rules are necessary to implement statutory changes, improve clarity and consistency in rule language, and support the continued development of high-quality teacher designation systems across Texas school districts.

SUMMARY OF COMMENTS AND AGENCY RESPONSES: The public comment period on the proposal began December 12, 2025, and ended January 12, 2026. Following is a summary of the public comments received and agency responses.

Comment: A Texas teacher commented that there is no policy requiring students of a teacher within a district to be given equitable exams, specifically the same format across eligible teacher groups, and expressed concern with potential favoritism in teacher performance data used to determine designations.

Response: The agency provides the following clarification. Local Optional Teacher Designation Systems must use valid, reliable, and comparable measures of student growth and are subject to data validation and TEA system approval. The agency will review whether additional guidance or monitoring related to comparability and conflicts of interest is needed. Allegations of misconduct should be directed to the appropriate reporting channels.

Comment: The Commit Partnership, Texas Public Charter Schools Association (TPCSA), and Educate Texas supported the proposed renewal fee structure to align non-rural, small districts with rural districts, removing barriers for small charters.

Response: The agency agrees. The agency will monitor impacts and consider future adjustments if warranted.

Comment: Educate Texas and Philanthropy Associates shared concern regarding removal of the minimum proficiency criteria from teacher observation performance standards. The commenters recommended reinstating a baseline (such as a minimum dimension score) or establishing guardrails (for example, no 1s; limited 2s) and encouraging local minimums in Local Optional Teacher Designation System plans.

Response: The agency disagrees. The proposal aims to broaden access to designations while maintaining rigor through overall performance standards and annual data validation. The agency has determined this rule change will empower appraisers to provide accurate reflections on teacher performance. For districts using an appraisal rubric other than the Texas Teacher Evaluation and Support System, numeric ratings below an identified proficiency marker may vary. This variation makes additional statewide baselines unfeasible. The agency will issue guidance and technical assistance to support establishing local minimum thresholds within Local Optional Teacher Designation System plans.

Comment: TPCSA and four school system administrators reported cash-flow strain because districts must pay Teacher Incentive Allotment stipends by August, while reimbursements from the Foundation School Program (FSP) occur in September. The commenters requested earlier Legislative Planning Estimate updates; early payments for significantly impacted districts; and a grace period beyond August 31 for expending funds. The commenters also asked that 2026-2027 estimates reflect House Bill 2 changes to avoid underfunding.

Response: The agency agrees that the timing of TIA payments could place a strain on some school districts and provides the following clarification. Under TEC, Chapter 48, allotment distribution and settle-up timing is governed by FSP processes. The agency will evaluate, considering existing legal authority, the feasibility of limited early payments or extended expenditure deadlines for smaller or significantly impacted districts.

Comment: The Commit Partnership, Educate Texas, Philanthropy Associates, and Rev Partnership supported a fourth-year redesignation pathway for master teachers and requested consistency for all designation levels to avoid lapses in designation and compensation. The commenters requested explicit timelines and district communication guidance.

Response: The agency agrees, and §150.1041(b)(1)(C) has been modified at adoption to provide a fourth-year redesignation pathway for acknowledged, recognized, and exemplary teachers. The agency will publish guidance to support district understanding of designation timelines and pathways to maintain designation status.

SUBCHAPTER AA. TEACHER APPRAISAL

19 TAC §§150.1012 - 150.1014

STATUTORY AUTHORITY. The repeals are adopted under TEC, §21.3521, as amended by HB 2, 89th Texas Legislature, Regular Session, 2025, which specifies that the commissioner of education shall ensure that local optional teacher designation systems meet the statutory requirements for the system; shall prioritize high needs campuses; shall enter into a memorandum of understanding with Texas Tech University regarding the assessment of local iterations of the local optional teacher designation system; shall periodically conduct evaluations of the

effectiveness of the local optional teacher designation system; may adopt fees, which are exempted from the requirements of Texas Government Code, §2001.0045 and §2001.0221, to implement the local optional teacher designation system; may adopt rules to implement the local optional teacher designation system; and shall, using criteria developed by the commissioner, designate as enhanced teacher incentive allotment systems public schools school districts and open-enrollment charter schools that implement comprehensive school evaluation systems; and TEC, §48.112, as amended by HB 2, 89th Texas Legislature, Regular Session, 2025, which requires the commissioner to designate rural campuses and annually make available to the public a list of campuses with projected allotment amounts per teacher designation at each campus; and assign an average point value to a student enrolled in the Texas School for the Deaf and the Texas School for the Blind and Visually Impaired.

CROSS REFERENCE TO STATUTE. The repeals implement TEC, §21.3521 and §48.112, as amended by House Bill 2, 89th Texas Legislature, Regular Session, 2025.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601397

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Effective date: April 19, 2026

Proposal publication date: December 12, 2025

For further information, please call: (512) 475-1497



SUBCHAPTER DD. TEACHER INCENTIVE ALLOTMENT

19 TAC §§150.1041 - 150.1043

STATUTORY AUTHORITY. The new sections are adopted under TEC, §21.3521, as amended by HB 2, 89th Texas Legislature, Regular Session, 2025, which specifies that the commissioner of education shall ensure that local optional teacher designation systems meet the statutory requirements for the system; shall prioritize high needs campuses; shall enter into a memorandum of understanding with Texas Tech University regarding the assessment of local iterations of the local optional teacher designation system; shall periodically conduct evaluations of the effectiveness of the local optional teacher designation system; may adopt fees, which are exempted from the requirements of Texas Government Code, §2001.0045 and §2001.0221, to implement the local optional teacher designation system; may adopt rules to implement the local optional teacher designation system; and shall, using criteria developed by the commissioner, designate as enhanced teacher incentive allotment systems public schools school districts and open-enrollment charter schools that implement comprehensive school evaluation systems; and TEC, §48.112, as amended by HB 2, 89th Texas Legislature, Regular Session, 2025, which requires the commissioner to designate rural campuses and annually make available to the public a list of campuses with projected allotment amounts per teacher designation at each campus;

and assign an average point value to a student enrolled in the Texas School for the Deaf and the Texas School for the Blind and Visually Impaired.

CROSS REFERENCE TO STATUTE. The new sections implement Texas Education Code, §21.3521 and §48.112, as amended by House Bill 2, 89th Texas Legislature, Regular Session, 2025.

§150.1041. *Local Optional Teacher Designation System.*

(a) General provisions.

(1) Definitions. The following words and terms, when used in this section, have the following meanings, unless the context clearly indicates otherwise.

(A) Beginning of course--The first nine weeks of a year-long course or the first six weeks of a semester course.

(B) Charter school--A Texas public school that meets one of the following criteria:

(i) is operated by a charter holder under an open-enrollment charter granted either by the State Board of Education or commissioner of education pursuant to Texas Education Code (TEC), §12.101, identified with its own county-district number;

(ii) has a charter granted under TEC, Chapter 12, Subchapter C, and is eligible for benefits under TEC, §11.174 and §48.252;

(iii) has a charter granted under TEC, §29.259, and Human Resources Code, §221.002; or

(iv) has a charter granted under TEC, §11.157(b).

(C) Classroom teacher--An educator, as defined by TEC, §5.001, who is employed by a school district and who, not less than an average of four hours each day, teaches in an academic instructional setting or a career and technical instructional setting. This term does not include an educational aide or a full-time administrator.

(D) Core content areas--Language arts, mathematics, social studies, and science courses.

(E) Data capture year--The school year in which the teacher observation and student growth measure data is collected based on the accepted local teacher designation system.

(F) Designated teacher--An acknowledged, exemplary, master, nationally board certified, or recognized teacher.

(G) Eligible teaching assignment--An assignment based on campus, subject taught, or grade taught.

(H) End of course--The last 12 weeks of a year-long course or the last six weeks of a semester course.

(I) Enhanced Teacher Incentive Allotment System--A designation awarded to a school district implementing an approved strategic compensation system that provides for increased Teacher Incentive Allotment funding.

(J) National Board certification--Certification issued by the National Board for Professional Teaching Standards.

(K) Provisional approval--Conditional approval of a school district local optional teacher designation system or enhanced teacher incentive allotment system that would require resubmission of system review, data validation, additional required documentation, video submission, and/or other technical assistance for further data submission.

(L) Reliability--The degree to which an instrument used to measure teacher performance and student growth produces stable and consistent results.

(M) Rural--A campus within a school district with fewer than 5,000 enrolled students that is categorized as one of the following:

(i) rural, non-metropolitan: stable, or non-metropolitan: fast-growing district type by the Texas Education Agency (TEA);

(ii) a campus within a school district with fewer than 5,000 enrolled students categorized as rural by the National Center for Education Statistics; or

(iii) a campus defined in TEC, §48.112(a)(1).

(N) School district--The definition of a school district includes charter schools as defined in subparagraph (B) of this paragraph.

(O) School leaders--Campus administrators, including principals and assistant principals.

(P) Strategic compensation--A performance-based human resources strategy that entails the design and implementation of a compensation plan that is aligned with the objectives and culture of a school district.

(Q) Student growth--Student academic progress achieved in response to the pedagogical practices of teachers, as measured at the individual teacher level by one or more measures of student growth aligned to the standards of the course.

(R) Teacher category--One or more eligible teaching assignments evaluated with the same teacher observation rubric, student growth measure, and optional components and weighting as defined in a district's local designation system.

(S) Teacher observation--One or more observations of a teacher instructing students for a minimum of 45 minutes or multiple observations that aggregate to at least 45 minutes.

(T) Texas Student Data System (TSDS)--Data collected annually during the Class Roster Winter Submission.

(U) Validity--The degree to which an instrument used to measure teacher performance and student growth measures what it is intended to measure.

(2) Fees for teacher incentive allotment teacher designation and system renewal. A school district requesting approval of a teacher designation system or renewal of such a system shall pay the applicable fees listed in subparagraphs (A) and (B) of this paragraph. The following fees must be paid by the district and cannot be paid by the teachers submitted for designation:

(A) a \$500 fee for each teacher submitted for designation to TEA; and

(B) a \$2,500 system renewal fee for districts with enrollment of less than 1,000 students in the prior school year, or districts where all campuses meet the definition of rural pursuant to paragraph (1)(M) of this subsection the year prior to renewal application submission or a \$10,000 system renewal fee for districts where not all campuses meet the definition of rural pursuant to paragraph (1)(M) of this subsection.

(b) Teacher eligibility.

(1) Teachers eligible to earn or receive designations under an approved local optional teacher designation system must meet the following requirements:

(A) the teacher is employed by the recommending school district or charter partner pursuant to subsection (a)(1)(B)(ii) or (iv) of this section in a staff classification coded as 087 (Teacher) and corresponding classroom position of 01, 02, or 03, if applicable, in TSDS for 90 days at 100% of the day (equivalent to four and one-half months or a full semester) or 180 days at 50-99% of the day and compensated for that employment. A charter partner operating under subsection (a)(1)(B)(ii) or (iv) of this section is required to report teacher-level data in TSDS or provide teacher-level data to its partner school district for reporting by the district in TSDS;

(B) the teacher was employed by the recommending school district or charter partner pursuant to subsection (a)(1)(B)(ii) or (iv) of this section during the year the teacher's effectiveness was collected in alignment with the recommended designation;

(C) the teacher is not currently designated, unless the teacher is being recommended for a higher designation or the current designation, which is not subject to reclassification at a lower designation level, is scheduled to expire within one year; and

(D) the teacher does not have a suspension, revocation, permanent surrender, or surrender of a certificate issued by the State Board for Educator Certification (SBEC) and is not found on the registry of persons not eligible for employment in public schools under TEC, §22.092, and Chapter 153, Subchapter EE, of this title (relating to Commissioner's Rules Concerning Registry of Persons Not Eligible for Employment in Public Schools).

(2) School districts are eligible to receive funding for each designated teacher if the teacher meets the requirements in paragraph (1)(A) of this subsection for each district. TEA may exercise administrative discretion to determine the eligibility of a teacher if a district disputes TSDS data. Disputes must be received by TEA by the second Friday in May each year; however, TEA may exercise administrative discretion to allow disputes to be considered outside of this timeline.

(c) Application procedures and approval process.

(1) The following provisions apply to applications submitted under this section.

(A) If TEA determines that an application or resubmission is incomplete, TEA may provide the applicant with notice of the deficiency and an opportunity to submit missing required information. If the missing required information is not submitted within seven business days after the original submission deadline, the application will be denied.

(B) If TEA determines that a system application does not meet the standards established under TEC, §21.3521, and this section, TEA shall permit the applicant to resubmit the application by June 30. If no resubmission is made by the deadline, the application will be denied.

(C) Applicants that are determined to meet the standards established under TEC, §21.3521 and §48.112, and the requirements of the statutorily based framework provided in the figure in this subparagraph shall be approved.
Figure: 19 TAC §150.1041(c)(1)(C)

(D) Applications that are determined to meet the standards established under TEC, §21.3521 and §48.112, and this section shall be approved for an initial term of five years. Applications that are determined to need ongoing support may result in provisional approval.

(2) The application shall include the following for each eligible teaching assignment:

(A) components of a local system for issuing designations, including:

(i) a teacher observation component that contains:

(I) a plan for calibration, using the rubric approved under subclause (II) of this clause, that includes congruence among appraisers, a review of teacher observation data and the correlation between teacher observation and student growth data, and implementation of next steps; and

(II) an approved teacher observation rubric including the Texas Teacher Evaluation and Support System or a pilot thereof, Marzano's Teacher Evaluation Model and rubric created by the National Institute for Excellence in Teaching and The Danielson Group, or another rubric that is based on observable, job-related behaviors that are described with progressive descriptors for each dimension, including alignment to §149.1001 of this title (relating to Teacher Standards) and a clear proficiency indicator. A school district may be required to provide teacher observation videos if the ratings cannot be verified from the data submitted; and

(ii) a specified student growth component by measure and/or assessment that:

(I) if using a student learning objective, is aligned to the Texas Student Learning Objectives (SLO) process described on the TEA website for SLOs at <https://texaslo.org>;

(II) if using a portfolio method, demonstrates that student work is aligned to the standards of the course, demonstrates mastery of standards, utilizes a skills proficiency rubric, and includes criteria for scoring various artifacts;

(III) if using school district- or teacher-created assessments, is aligned to the standards of the course and conforms to a district rubric for district- or teacher-created assessments. A school district must approve district- or teacher-created assessments for the purpose of determining student growth by using a district process and rubric for approval of such assessments. Assessments must measure beginning of course to end of course or from end of course from the previous course to end of current course;

(IV) if using a school district- or teacher-created assessment in conjunction with a third-party assessment, is aligned to the standards of the course and conforms to a district rubric for district- or teacher-created assessments. A school district must approve district- or teacher-created assessments for the purpose of determining student growth by using a district process and rubric for approval of such assessments. Assessments must measure beginning of course to end of course or from end of course from the previous course to end of current course;

(V) if using third-party assessments with third-party accompanying growth targets, is aligned to the standards of the course and contains questions that cover a range of student skill levels. Assessments must measure beginning of course to end of course or from end of course from the previous course to end of current course; or

(VI) if using third-party assessments with district-created growth targets, is aligned to the standards of the course and contains questions that cover a range of student skill levels. Assessments must measure beginning of course to end of course or from end of course from the previous course to end of current course. Mid-year data may be used in instances where the student was not present for the beginning of course administration;

(B) test administration processes for all student growth that will lead to validity and reliability of results, including:

(i) test security protocols;

(ii) testing windows;

(iii) testing accommodations; and

(iv) annual training for test administrators; and

(C) data for all teachers in eligible teaching assignments, including student growth, and observation data for all teachers in eligible teaching assignments for the data capture year in alignment with TEC, §21.351 or §21.352. Multi-year data shall include student growth and observation data from the same year and teacher category. Single-year data shall include student growth and observation data from the same teacher category. TEA may exercise administrative discretion regarding the requirements of this subparagraph in situations in which data is difficult to provide due to circumstances beyond a district's control and the district would otherwise be unable to provide sufficient data for application consideration.

(3) The application for enhanced teacher incentive allotment designation shall include:

(A) teacher evaluation components:

(i) an approved local designation system that includes substantially all teaching assignments; and

(ii) local evaluation components in addition to those required under paragraph (2) of this subsection;

(B) campus administrator evaluation components:

(i) an approved administrator appraisal system including the Texas Principal Evaluation and Support System or a pilot thereof, or another rubric that is based on observable, job-related behaviors that are described with progressive descriptors for each dimension, including alignment to §149.2001 of this title (relating to Principal Standards) and a clear proficiency indicator;

(ii) student growth in alignment with the district or campuses local designation system with prioritization of core content areas; and

(iii) districts may include optional components that provide evidence of campus administrator effectiveness;

(C) strategic staffing plan demonstrating an approach to teacher assignment based on student need, including strategic scheduling for early grades and high-needs campuses and students;

(D) a compensation plan for teachers and campus administrators that is based on performance and includes, at minimum:

(i) methods for determining and defining teacher and campus administrator effectiveness as it relates to performance-based compensation decisions;

(ii) placement guidance for newly hired teachers, with performance as a consideration based on teacher incentive allotment eligibility or a preparation pathway;

(iii) performance-based salary schedule and criteria for salary increases for all teachers and campus administrators; and

(iv) district attestation and school board approval to limit across-the-board salary increases for classroom teachers, except for periodic changes due to significant inflation; and

(E) evidence of implementing a strategic compensation system, including, but not limited to:

- (i) a board-approved compensation plan;
- (ii) a district strategic compensation plan; and
- (iii) a salary schedule by employee and effectiveness levels.

(d) System expansion, spending modifications, and changes.

(1) School districts must apply for approval through the system application process the year prior to implementation if:

- (A) adding new eligible teaching assignments or campuses (if started with less than all campuses in the district);
- (B) adding a new teacher observation rubric;
- (C) changing a previously approved teacher observation rubric;
- (D) adding new student growth measures;
- (E) changing the student growth measure used by an eligible teaching assignment;
- (F) adding or changing the third-party assessment used in a student growth measure;
- (G) adding or changing the type of assessment used in a student growth measure;
- (H) removing a student growth measure used by an eligible teaching assignment;
- (I) removing an eligible teaching assignment;
- (J) modifying a district's spending plan. TEA may exercise administrative discretion to allow spending modifications outside of the approval timeline outlined in this subsection; or
- (K) modifying a district's application for enhanced teacher incentive allotment designation under subsection (c)(3) of this section.

(2) TEA may exercise administrative discretion to allow system changes outlined in this subsection outside of the approval timeline outlined in this subsection in situations in which TEA determines that the application timeline is unfeasible due to circumstances beyond a district's control, causing the district to be unable to implement its current system with fidelity.

(e) Monitoring and annual program submission of approved local designation systems and the basis for enhanced teacher incentive allotment system designation.

(1) For the program submission, approved school districts shall submit the following information regarding a local teacher designation system and associated spending:

- (A) the distribution of allotment funds from the previous school year in accordance with the funding provisions of subsection (g) of this section;
- (B) a response and implementation plan to annual surveys developed by TEA administered to teachers, campus principals, and human resources personnel gauging the perception of a school district's local designation system; and
- (C) teacher observations and student growth measure data for all teachers in eligible teaching assignments if school districts are submitting new teacher designations collected in alignment with §150.1003(b)(5) and (l)(3) of this title (relating to Appraisals, Data Sources, and Conferences). TEA reserves the right to request data for the purposes of performance evaluation and investigation based on data review outcomes. TEA may exercise administrative discretion in cir-

cumstances where data is difficult to provide and a district would otherwise be unable to provide sufficient data for application consideration.

(2) Outcomes of the annual program submission may lead to a review, pursuant to TEC, §48.272(e), and subject to the period of review limitation in TEC, §48.272(f), of the local optional designation system that may be conducted at any time at the discretion of TEA staff.

(f) Continuing approval and renewal.

(1) Local optional teacher designation systems are subject to review at least once every five years. However, a review may be conducted at any time at the discretion of TEA. The renewal application is required in a district's fourth year after the system application is accepted and will follow the process and requirements outlined in subsection (c) of this section. Charter management organizations that operate approved systems with multiple campus district numbers shall submit an application for each system at the time of required renewal.

(2) Approval of local optional designation systems and enhanced teacher incentive allotment systems is voidable by TEA for one or more of the following reasons:

- (A) failure to fulfill all local optional designation system requirements as defined in this section;
- (B) failure to comply with annual program submission requirements;
- (C) failure to comply with the provisions of TEC, §21.3521 and §48.112;
- (D) failure to implement the local optional teacher designation system or strategic compensation plan as approved by TEA;
- (E) failure to remove school district employees from the designation determination process who have a conflict of interest and acted in bad faith to influence designations; or
- (F) at the discretion of the commissioner.

(3) Approval of individual teacher designations are voidable by TEA for one or more of the following reasons:

- (A) a teacher has not fulfilled all designation requirements;
- (B) the school district at which the designation was earned has had its local optional designation system voided;
- (C) the National Board for Professional Teaching Standards revokes a National Board certification that provided the basis for a teacher's designation;
- (D) the suspension, revocation, permanent surrender, or surrender of a certificate issued by the SBEC to a designated teacher;
- (E) the addition of the designated teacher to the registry of persons not eligible for employment in public schools under TEC, §22.092, and Chapter 153, Subchapter EE, of this title;
- (F) the district issued a designation in bad faith by not removing a district employee from the designation determination process who had a conflict of interest; or
- (G) at the discretion of the commissioner.

(g) Funding.

(1) State funding.

(A) School districts will receive teacher incentive allotment funds based on prior-year estimates. The final amount will be based on data from the current school year as provided in subparagraph (D) of this paragraph. Any difference from the estimated amount

will be addressed as part of the Foundation School Program settle-up process according to the provisions in TEC, §48.272.

(B) A school district is eligible to earn the base allotment for each designated teacher assigned to a zero-enrollment campus, a campus with fewer than 20 students, a juvenile justice alternative education program, a disciplinary alternative education program, a residential facility, or central administration if the designated teacher meets the requirements in subsection (b)(2) of this section, plus the multiplier based on the school district's average student point value and rural status, if applicable.

(C) Funding for teachers who work at multiple campuses shall be calculated and split equally among the campuses where the employee is working in a role coded as 087 (Teacher) in TSDS at each campus.

(D) Designated teacher campus and district of employment shall be determined annually by data collected in TSDS.

(E) School districts shall annually verify and confirm teacher designations and corresponding allotments.

(F) TEA may exercise administrative discretion to redirect or recalculate funds to the district where the designated teacher works if a district disputes TSDS data. Disputes must be received by the second Friday in May each year; however, TEA may exercise administrative discretion to allow disputes to be considered outside of this timeline.

(G) The average point value and rural status for the Texas School for the Deaf and the Texas School for the Blind and Visually Impaired will be calculated by utilizing the home districts of the schools' students.

(2) Status and use of state funds. A school district that receives teacher incentive allotment funding must comply with the requirements of TEC, §48.112, including the requirement that at least 90% of each teacher-generated allotment must be used for compensation of teachers employed at the campus at which the teacher for whom the district received the allotment is employed. School districts that receive funding for designated teachers employed by the charter partner for charter partnerships pursuant to subsection (a)(1)(B)(ii) or (iv) of this section shall pass along at least 90% of the teacher incentive allotment funding and 100% of fees pursuant to subsection (a)(2) of this section paid by the charter partner to the charter partner. Charter partners and districts shall work together to ensure that the spending requirements of TEC, §48.112, are met.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 30, 2026.

TRD-202601398

Cristina De La Fuente-Valadez

Director, Rulemaking

Texas Education Agency

Effective date: April 19, 2026

Proposal publication date: December 12, 2025

For further information, please call: (512) 475-1497



TITLE 26. HEALTH AND HUMAN SERVICES

PART 1. HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 306. BEHAVIORAL HEALTH DELIVERY SYSTEM

SUBCHAPTER C. TEXAS CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS

26 TAC §§306.101, 306.103, 306.105, 306.107, 306.109, 306.111

The executive commissioner of the Texas Health and Human Services Commission (HHSC) adopts amendments to §306.101, concerning Purpose; §306.103, concerning Application; §306.105, concerning Definitions; §306.107, concerning Certification Eligibility; §306.109, concerning Application Process; and §306.111, concerning Certification Standards.

Section 306.105 and §306.107 are adopted with changes to the proposed text as published in the November 28, 2025, issue of the *Texas Register* (50 TexReg 7691). These rules will be republished.

Sections 306.101, 306.103, 306.109, and 306.111 are adopted without changes to the proposed text as published in the November 28, 2025, issue of the *Texas Register* (50 TexReg 7691). These rules will not be republished.

BACKGROUND AND JUSTIFICATION

The amendments are necessary to add definitions for terms used in the subchapter and provide further clarification for certification requirements for Texas Certified Community Behavioral Health Clinics (T-CCBHCs).

COMMENTS

The 31-day comment period ended December 29, 2025.

During this period, HHSC received comments regarding the proposed rules from four commenters. HHSC received comments from the Texas Counseling Association, the Texas Association of Community Health Centers, and a joint submission from the Texas Nurse Practitioners and the Texas Academy of Physician Assistants. A summary of comments relating to the rules and HHSC's responses follows.

Comment: Multiple commenters suggested that the terminology used in §306.105(10)(A), "medication management and physician evaluation and treatment services," included in the definition of outpatient mental health services in §306.105, be amended to ensure that nurse practitioners and physician assistants, who are authorized to prescribe medication under their scope of practice, may be included in the definition.

Response: HHSC agrees and revised the rule to use the terminology "pharmacological management" in place of "medication management and physician evaluation and treatment services" so that the service is not limited to a physician but may also be provided by nurse practitioners and physician assistants eligible to prescribe medication under their scope of practice.

Comment: One commenter requested a change in §306.107(4)(A). The commenter recommended aligning T-CCBHC service standards with federal CCBHC standards, which allow all services, including all crisis services, to be

contracted as long as 51 percent of the services are delivered directly.

Response: HHSC declines to revise the rule in response to this comment. The rule amendment requires all T-CCBHCs to directly deliver crisis intervention and crisis stabilization services. The rule amendment also requires non-LMHAs/LBHAs to enter into an agreement with their local LMHA/LBHA for provision of MCOT services. All T-CCBHCs should be able to intervene and stabilize a person experiencing a behavioral health crisis. Texas does not participate in the federal CCBHC Medicaid demonstration or state plan option and has the ability to create more stringent standards than are federally required to align with state priorities. The rule does not prohibit T-CCBHCs from supplementing direct service delivery with service delivery through other providers. T-CCBHCs may supplement their direct delivery with an agreement with an LMHA/LBHA or other providers in the community.

Comment: One commenter expressed support for the proposed rules, specifically the requirement for T-CCBHCs to serve people regardless of address or lack thereof.

Response: HHSC acknowledges the comment.

Comment: One commenter requested that HHSC prioritize Federally Qualified Health Centers in the application and review process for new T-CCBHCs.

Response: HHSC declines to revise the rule in response to this comment. HHSC reviews T-CCBHC applicants on the inquiry list in the order in which they request to be added to the list. Applicants on the inquiry list were notified of this approach when they requested to be added.

HHSC revised §306.107(4)(A)(i)(I) because subparagraph (C) is the correct reference to use in the rule, not subparagraph (D).

STATUTORY AUTHORITY

The amendments are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system, and Texas Health and Safety Code §531.001 which provides HHSC with authority to oversee community mental health services.

§306.105. Definitions.

The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise.

(1) Applicant--An entity applying or reapplying for certification as a Texas Certified Community Behavioral Health Clinic (T-CCBHC).

(2) Application--A form that an applicant submits to the Texas Health and Human Services Commission to apply for or renew the applicant's certification as a T-CCBHC.

(3) Community needs assessment--A method to identify the needs of the community and to describe how the applicant can meet those needs. This assessment is objective and includes feedback from people receiving services, program staff, and other key community members.

(4) Crisis stabilization--Services to address a mental health or substance use crisis.

(5) Family-centered--A way to plan, deliver, and evaluate services that involves participation between families, caregivers, and professionals.

(6) Governmental entity--A state agency or a political subdivision of Texas, such as a city, county, hospital district, hospital authority, or state entity.

(7) HHSC--The Texas Health and Human Services Commission or its designee.

(8) LBHA--Local behavioral health authority. An entity designated by HHSC under Texas Health and Safety Code §533.0356(a) as the local behavioral health authority.

(9) LMHA--Local mental health authority. An entity designated by HHSC under Texas Health and Safety Code §533.035(a) as the local mental health authority.

(10) Outpatient mental health treatment services--Mental health services a T-CCBHC directly provides to adults and youth consisting of:

- (A) pharmacological management;
- (B) individual counseling or psychotherapy;
- (C) group counseling or psychotherapy; and
- (D) family counseling or psychotherapy.

(11) Outpatient substance use treatment services--Substance use treatment services a T-CCBHC directly provides to adults and youth consisting of:

- (A) individual substance use counseling;
- (B) group substance use counseling; and
- (C) substance use education services.

(12) Person--An individual receiving services under this subchapter.

(13) Person-centered--Approaches that focus on a person's strengths and personal goals giving the person the chance to improve their quality of life, make choices, and have control. This method helps a person explore the person's preferences, needs, and wants while addressing medical and non-medical needs to support the person in reaching the person's full potential.

(14) T-CCBHC--Texas Certified Community Behavioral Health Clinic. An entity HHSC certifies under this subchapter.

§306.107. Certification Eligibility.

An applicant must meet the criteria in this section for certification.

(1) Staffing requirements.

(A) Staffing plans must reflect the findings of the applicant's community needs assessment.

(B) The applicant's staff members must have and be current with all necessary licenses and accreditations required by the state to provide the required services.

(C) Staff members must be trained to serve the needs of the clinic's patients as identified through the community needs assessment and in compliance with Section 223(a)(2)(A) of the Protecting Access to Medicare Act of 2014.

(D) Staff must be trained in a person-centered and family-centered approach.

(2) Availability and accessibility of services.

(A) An applicant may not refuse or limit services if a person cannot pay for the services.

(B) An applicant may not refuse or limit services to any person in the local service area based on where the person lives, the person's housing situation, or if the person does not have a permanent address. An applicant may coordinate care and transfer services to an appropriate provider for a person who lives outside the applicant's local service area.

(3) Care coordination.

(A) An applicant must coordinate care across settings and providers to make sure that transitions are seamless for a person receiving health services.

(B) A T-CCBHC must have:

(i) a health information technology system that includes an electronic health record; and

(ii) a plan focusing on ways to improve care coordination using health information technology.

(4) Scope of services.

(A) An applicant must directly provide the following services:

(i) crisis services, including:

(I) 24-hour mobile crisis outreach services, except as required under subparagraph (C) of this paragraph;

(II) crisis intervention services; and

(III) crisis stabilization services;

(ii) mental health and substance use screening, assessment, and diagnosis, including risk assessment for possible harm to self or others;

(iii) person-centered treatment planning, and family-centered treatment planning, when appropriate; and

(iv) outpatient mental health treatment services and outpatient substance use treatment services.

(B) An applicant must provide the following services either directly or by agreement with another entity:

(i) outpatient primary care screening and monitoring of health indicators and health risks;

(ii) mental health targeted case management as defined in 1 TAC §353.1403 (relating to Definitions);

(iii) mental health rehabilitative services as defined in 1 TAC §353.1403;

(iv) peer specialist services, as defined in 1 TAC §354.3013 (relating to Services Provided), and family partner supports; and

(v) community-based mental health and substance use care for members of the armed forces and veterans.

(C) A T-CCBHC that is not an LMHA or LBHA must make an agreement with an LMHA or LBHA in the applicant's local service area to provide mobile crisis outreach services. This agreement must include shared protocols for coordination. HHSC may grant permission for a T-CCBHC to provide mobile crisis outreach services directly if the T-CCBHC has a dedicated, long-term funding source that is not time limited, and a government entity oversees the mobile crisis outreach services.

(5) Quality and other reporting.

(A) A T-CCBHC must report encounter data, clinical outcomes data, quality data, and other data that HHSC may request.

(B) A T-CCBHC must have health information technology systems that allow reporting on data and quality measures.

(6) Organizational authority.

(A) An applicant must be:

(i) a non-profit or governmental entity;

(ii) an entity operated under the authority of the Indian Health Service, an Indian tribe, or tribal organization, pursuant to a contract, grant, cooperative agreement, or compact with the Indian Health Service pursuant to the Indian Self-Determination Act and Education Act (25 U.S.C 5301, *et seq.*); or

(iii) an urban Indian organization pursuant to a grant or contract with the Indian Health Service under title V of the Indian Health Care Improvement Act (25 U.S.C 1601, *et seq.*).

(B) An applicant must operate as an entity listed under subparagraph (A) of this paragraph for at least two years in Texas before applying for T-CCBHC certification.

(C) An applicant's T-CCBHC must have a governing board.

(i) The governing board must:

(I) have at least 51 percent of its members be people with lived experience of a mental health or substance use need or family members of people receiving behavioral health services; or

(II) create an advisory committee that meets the requirements of subclause (I) of this clause that gives feedback to the governing board about the T-CCBHC's:

(-a-) community needs;

(-b-) goals and objectives;

(-c-) service development;

(-d-) quality improvement and activities;

(-e-) fiscal and budgetary priorities; and

(-f-) governance.

(ii) The governing board must consider feedback provided by an advisory committee described in clause (i)(II) of this subparagraph in its decision-making processes.

(D) An applicant must:

(i) be enrolled as a Medicaid provider;

(ii) be credentialed and contracted with at least one managed care organization; and

(iii) have a Chemical Dependency Treatment Facility license under Chapter 564 of this title (relating to Chemical Dependency Treatment Facilities) to deliver adult and youth outpatient substance use treatment.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601388

Karen Ray
Chief Counsel
Health and Human Services Commission
Effective date: April 16, 2026
Proposal publication date: November 28, 2025
For further information, please call: (512) 458-0775



CHAPTER 321. SUBSTANCE USE SERVICES SUBCHAPTER A. PREVENTION

The executive commissioner of the Texas Health and Human Services Commission (HHSC) adopts the repeal of §321.1, concerning Purpose; §321.3, concerning Application; §321.5, concerning Definitions; and §321.7, concerning Program Description, and new §321.1, concerning Purpose; §321.3, concerning Application; §321.5, concerning Definitions; §321.7, concerning General Program Requirements; §321.9, concerning Program Staffing; and §321.11, concerning Program Service Delivery.

Sections 321.5 and 321.7 are adopted with changes to the proposed text as published in the October 31, 2025, issue of the *Texas Register* (50 TexReg 7096). These rules will be republished.

Sections 321.1, 321.3, 321.9, and 321.11 are adopted without changes to the proposed text as published in the October 31, 2025, issue of the *Texas Register* (50 TexReg 7096). These rules will not be republished.

BACKGROUND AND JUSTIFICATION

The repeal of the rules is necessary to replace the current rules in Title 26, Texas Administrative Code Chapter 321, Subchapter A relating to Substance Use Prevention, with new rules that clarify provider requirements related to training, staffing, written policies and procedures, screening tools, and other requirements that inform substance use prevention service delivery.

COMMENTS

The 31-day comment period ended on December 1, 2025.

During this period, HHSC received comments regarding the proposed rules from one commenter, the Banks Law Firm. A summary of comments relating to the rules and HHSC's responses follows.

Comment: The commenter suggested including "marijuana misuse" and "underage cannabinoid use" in §321.7 to align with the legality and access to consumable hemp products in Texas.

Response: HHSC declines to make this exact change but revised §321.7 for clarity.

A minor editorial change was made to §321.5(16) to remove (A)-(E). Listing the five domains of non-medical drivers of health (NMODH) was not necessary for the definition.

A minor editorial change was made to §321.5(22) to improve clarity and be less prescriptive.

A change was made to §321.7(a) to improve clarity and be less restrictive on the general program requirements for providers.

A minor editorial change was made to §321.7(b)(1)(C) to include "or" to improve clarity.

26 TAC §§321.1, 321.3, 321.5, 321.7

STATUTORY AUTHORITY

The repealed sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; Texas Health and Safety Code §1001.073, which provides HHSC the responsibility for administering, coordinating, and contracting for the delivery of substance use prevention services; §1001.075, which provides that the executive commissioner of HHSC may adopt rules reasonably necessary for the administration of substance use prevention services; §461A.052, which provides that HHSC shall plan, develop, coordinate, evaluate, and implement programs for the prevention of substance use; and §461A.051, which provides that the executive commissioner of HHSC shall adopt rules governing the functions of the agency in relation to substance use services.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601386

Karen Ray
Chief Counsel

Health and Human Services Commission
Effective date: April 16, 2026

Proposal publication date: October 31, 2025

For further information, please call: (512) 902-8075



26 TAC §§321.1, 321.3, 321.5, 321.7, 321.9, 321.11

STATUTORY AUTHORITY

The new sections are adopted under Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; Texas Health and Safety Code §1001.073, which provides HHSC the responsibility for administering, coordinating, and contracting for the delivery of substance use prevention services; §1001.075, which provides that the executive commissioner of HHSC may adopt rules reasonably necessary for the administration of substance use prevention services; §461A.052, which provides that HHSC shall plan, develop, coordinate, evaluate, and implement programs for the prevention of substance use; and §461A.051, which provides that the executive commissioner of HHSC shall adopt rules governing the functions of the agency in relation to substance use services.

§321.5. Definitions.

The words and terms below have the assigned meanings when used in this subchapter, unless the context indicates otherwise.

(1) ACE--Adverse childhood experiences. Childhood events that may be traumatic.

(2) Alternatives--A primary prevention strategy that is defined in 45 CFR §96.125(b)(3).

(3) Behavioral health--Refers to the topics of mental health and substance use disorders, life stressors and crises, and stress-related physical symptoms.

(4) Behavioral health promotion--The advancement of mental health, resilience, and well-being.

(5) CFR--Code of Federal Regulations.

(6) CLAS--Culturally and linguistically appropriate services. National standards for a set of 15 action steps. These standards aim to improve behavioral health quality and outcomes.

(7) Community-based process--A primary prevention strategy that is defined in 45 CFR §96.125(b)(5).

(8) CSAP--Center for Substance Abuse Prevention. A center under the Substance Abuse Mental Health Services Administration (SAMHSA).

(9) CSAP strategies--The evidence-based primary prevention strategies that are used by SAMHSA and defined in 45 CFR §96.125(b).

(10) Education--A primary prevention strategy that is defined in 45 CFR §96.125(b)(2).

(11) Environmental--A primary prevention strategy that is defined in 45 CFR §96.125(b)(6).

(12) Evidence-based--Models, curricula, and other interventions proven to be effective through research.

(13) HHSC--Texas Health and Human Services Commission or its designee.

(14) Individual--A person who receives services under this subchapter.

(15) Information dissemination--A primary prevention strategy that is defined in 45 CFR §96.125(b)(1).

(16) NMDOH--Non-medical drivers of health. The conditions where people live, learn, work, and play that affect a wide range of health outcomes.

(17) Prevention strategies--Proactive approaches that help individuals and communities promote healthy behaviors and lifestyles, including strategies defined in 45 CFR §96.125(b).

(18) Primary prevention--Activities that target individuals who do not need treatment for substance use disorder, which is defined in 45 CFR §96.121. These activities may include education, mentoring, and other activities that reduce the risk of substance use.

(19) Problem identification and referral--A primary prevention strategy that is defined in 45 CFR §96.125(b)(4).

(20) Protective factors--Elements that reduce the impact of risk factors. These elements build resilience and decrease the likelihood of developing behaviors that could lead to substance use and misuse.

(21) Provider--A person or entity that contracts with HHSC to provide substance use prevention services.

(22) Risk factors--Biological, psychological, family, community, or environmental influences that precede and are associated with a higher likelihood of negative outcomes.

(23) SAMHSA--Substance Abuse and Mental Health Services Administration. An agency within the U.S. Department of Health and Human Services.

(24) Socio-ecological model--A framework that explains the different factors that affect health behavior and how to organize health intervention strategies.

(25) Strategic prevention framework--A framework created by SAMHSA used in prevention planning to address substance use and mental health issues.

§321.7. *General Program Requirements.*

(a) A provider must:

(1) promote behavioral health;

(2) focus on preventing and delaying first use of substances;

(3) attempt to reduce long-term consequences of substance misuse;

(4) provide services using the socio-ecological model and SAMHSA's Strategic Prevention Framework;

(5) incorporate CSAP strategies that apply to the program, including Alternatives, Community-based Process, Information Dissemination, Education, Environmental, and Problem Identification, and Referral;

(6) follow CLAS; and

(7) offer services that help fill gaps in line with the current Statewide Behavioral Health Coordinating Council's Behavioral Health Strategic Plan required by Texas Government Code §547.0156.

(b) A provider must use prevention strategies that:

(1) focus on risk factors that lead to substance use and misuse, including:

(A) ACEs;

(B) NMDOH;

(C) unequal access to healthcare and behavioral health services; or

(D) other youth, family, and community risk factors; and

(2) promote behavioral health and help build protective factors.

(c) Before providing substance use prevention education services, the provider must complete memorandums of understanding or community agreements with public schools and agencies, businesses, or community partners to ensure programs operate efficiently.

(d) A provider must operate a program according to written policies and procedures to support implementation.

(e) The policies and procedures must:

(1) follow the rules in this subchapter;

(2) meet any of HHSC's contractual and financial requirements; and

(3) follow all relevant state and federal laws or rules.

(f) The provider must:

(1) keep a copy of the policies and procedures;

(2) provide a copy of the policies and procedures to staff; and

(3) provide a copy of the policies and procedures to HHSC, if requested.

(g) A screening tool is not required for referral to services. If a tool is used, it must be HHSC-approved and not be used for purposes of diagnosis or treatment.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 27, 2026.

TRD-202601387

Karen Ray

Chief Counsel

Health and Human Services Commission

Effective date: April 16, 2026

Proposal publication date: October 31, 2025

For further information, please call: (512) 902-8075



TITLE 31. NATURAL RESOURCES AND CONSERVATION

PART 2. TEXAS PARKS AND WILDLIFE DEPARTMENT

CHAPTER 55. LAW ENFORCEMENT

The Texas Parks and Wildlife Commission in a duly noticed meeting on January 22, 2026, adopted the repeal of 31 TAC §55.406, amendments to §§55.401 - 55.403, and 55.405, and new 55.406, 55.408, and 55.410, concerning Party Boats. The amendment to §55.401 is adopted with changes to the proposed text as published in the December 19, 2025, issue of the *Texas Register* (50 TexReg 8159) and will be republished. The repeals, amendments to §§55.402, 55.403, 55.405, and new sections 55.406, 55.408, and 55.410 are adopted without changes and will not be republished.

The change to §55.401, concerning Definitions, alters paragraph (1)(B) to insert the word "regulated" to clearly distinguish that the term "inland waters" does not apply to waters that are designated as navigable waters regulated by the United States Coast Guard. The change also alters paragraph (7) to insert the word "accredited" to maintain parallelism with other references to naval architects and marine surveyors.

The repeal, amendments, and new sections will function collectively to modernize, improve, reorganize, and streamline the regulation of commercial party boats on Texas inland waters in the interests of public safety.

In 2007, the 80th Texas Legislature responded to a spate of serious incidents involving commercial party boats (hereinafter, "party boats") on inland waters by enacting House Bill 12, which amended the Parks and Wildlife Code to add new Chapter 31, Subchapter G, to task the Parks and Wildlife Commission with the duty to regulate the operation of party boats (defined as a vessel operated by the owner of the vessel or an employee of the owner and rented or leased by the owner for a group recreational event for more than six passengers) on public fresh water as necessary to protect the public health and safety. The commission responded by promulgating 31 TAC Chapter 55, Subchapter H (32 TexReg 10011), which imposed various measures intended to protect and enhance the safety of the public, including requirements for party boat owners to obtain a department-issued license, mandatory annual inspections of party boats, party boat operator standards, limitations on the number of people that may be aboard a party boat while under way with paying passengers, basic emergency and safety requirements, and mandatory minimum liability insurance coverage.

Since 2007, the state has seen explosive growth in population and tourism and a corresponding increase in utilization of public surface water resources for outdoor recreation activities, includ-

ing party boats, which are quite popular on lakes both large and small. A series of recent incidents caused the department to reassess the efficacy of current rules.

In May of 2018, a woman fell from a party boat on Lake Travis, striking her head and then drowning.

In August of 2021, a party boat on Lake Conroe capsized, throwing 53 passengers into the water along with a substantial quantity of diesel fuel, resulting in the death of one passenger and significant exposure to spilled fuel by the survivors. The vessel had a history of regulatory issues (while operating under another name in another state), was prohibited by the U.S. Coast Guard from operating in federal waters, and had been renamed and relocated to Texas.

In July of 2022, the department arrested the operator of a party boat on Lake Austin and obtained a conviction for Boating While Intoxicated (BWI).

In May and June of 2025, the department conducted saturation patrols (an increased, temporary law enforcement presence on popular public waters during holiday or other high-use periods, intended to protect public safety by counteracting and minimizing common dangerous behaviors) on Lake Austin and Lake Travis, which resulted in 20 violations involving party boats, including: no evidence of inspection, no proof of insurance, passengers on the top deck while under way, inadequate staff preparation and education (e.g., CPR certification, boater education certification), no certificate of number (registration) onboard, unlawful party boat operation, no party boat operator license, and others. At least four boats over 30 feet were found operating illegally by claim of being livery vessels rather than party boats.

In August of 2025, department law enforcement personnel cited a party boat operator for operation without the required insurance, which had been allowed to expire.

Also in August of 2025, a party boat passenger on Lake Travis overdosed and died, while in another incident a passenger was injured by a propeller strike.

The department is also aware of instances in which party boat owners have intentionally altered vessel length for the sole purpose of evading the applicability of the subchapter.

This is a sample of some of the major incidents that have occurred; department game wardens routinely encounter situations involving party boats in which borderline dangerous conditions or behavior are observed.

The department concludes, on the basis of continuing issues involving fatalities, injuries, insurance fraud, regulatory evasion, and other violations, that there is widespread intentional non-compliance with basic safety and documentation requirements, which warrants action to strengthen and improve party boat rules in the interest of public health and safety.

The repeal of §55.406, concerning Violations and Penalties, is necessary to make room for new §55.406, concerning Inspections and Certifications.

The amendment to §55.401, concerning Definitions, alters the definition of "inland waters" and adds new definitions for "Owner's Agent," "Accredited Marine Surveyor," "Accredited Naval Architect," and "Stability Letter." The current definition of "inland waters" is not completely accurate, as it does not exclude certain border waters with Oklahoma and Louisiana that are considered navigable waters by the federal government and therefore subject to regulation by the U.S. Coast Guard

(USCG), which supersede state regulations and are generally considered to be as or more efficacious than state regulations. The amendment adds language to make the definition completely accurate. The amendment defines "owner's agent" as "any person engaged, authorized, or otherwise allowed, directly or indirectly via an intermediary, to operate a vessel that is not owned by the person but is subject to the provisions of this subchapter." The department has encountered numerous instances of attempted evasion of regulatory compliance in the form of persons employing semantics to claim that some sort of lease or subcontractor arrangement absolves the actual owner of a vessel being used as a party boat from culpability for violations of provisions of the subchapter. Under Parks and Wildlife Code, §31.171, a party boat is defined as "a vessel operated by the owner of the vessel or an employee of the owner." The statutory definition is, in the determination of the department, unambiguous with respect to the legal responsibilities of a person who owns a vessel being used as a party boat; however, the department seeks to make it abundantly clear that a business arrangement between the owner of a vessel used as a party boat and a person who is technically not an employee of the owner but ultimately operates or oversees the operation of the vessel is irrelevant in the context of determining responsible parties in the course of administrative and enforcement activities.

The amendment defines "accredited marine surveyor" as a person accredited by one of the four recognized professional trade organizations. The rules require party boats initially and periodically thereafter to be inspected by an accredited third-party inspector; thus, a definition of the term is necessary to ensure that party boat inspections are conducted by person competent to perform them.

The amendment defines "accredited naval architect" as a person accredited by one of the two recognized professional trade organizations. The rules require party boats and initially and periodically thereafter to be inspected by an accredited third-party inspector; thus, a definition of the term is necessary to ensure that party boat inspections are conducted by person competent to perform them.

Finally, the amendment defines "stability letter" as "an affidavit from an accredited naval architect or accredited marine surveyor attesting to the loading limits necessary for the safe operation of a vessel used as a party boat" and stipulates an occupancy limit. The rules require every vessel operated as a party boat to be assessed initially and periodically thereafter for seaworthiness and for the particulars of that assessment to be put in writing in the form of a Stability Letter that is then submitted to the department; therefore, a definition of the term is necessary to provide guidance as to the content of the letter.

The amendment to §55.402, concerning Applicability and Exceptions, makes alterations necessary to comport the section with other components of the rulemaking, consisting of the insertion of a reference to new §55.406, concerning Inspections and Certifications, in subsection (b), and the removal of current subsection (c)(2), which is no longer necessary because it address license reciprocity on border waters. Such waters are under USCG jurisdiction and a USCG license is required to operate a party boat; thus, because the amendment exempts persons in possession of a valid USCG captain's or pilot license from having to obtain a party boat license in Texas, party boat operators in Louisiana and Oklahoma would meet the exception to licensure in Texas.

The amendment to §55.403, concerning License Required, alters current subsections (a) and (c) to create an exception to licensing requirements for persons in possession of a valid USCG captain's or pilot's license. The department has determined that USCG requirements for such licenses meet or exceed the requirements of this subchapter and therefore the department is satisfied that public safety is not being compromised by allowing federal licensure to be substituted for a party boat operator's license.

The amendment to §55.405, concerning Employer/Owner Responsibilities, alters the section to comport it with the changes being made in this rulemaking, increases the minimum amount of liability insurance required to be carried, clarifies that the liability insurance policy must be applicable on a per-incident basis, stipulates a records retention period, and eliminates current subsections (c) and (d).

The amendment also adds language to allow certain USGS certifications to be used in lieu of the inspections and certifications required under the subchapter. The Coast Guard requirements for certification of "K" or "T" class commercial boats meet or exceed the standards that would be imposed under the rules as adopted and the department believes that because of that, exempting such vessels from the inspection and certification requirements of the subchapter does not jeopardize public safety.

Current rule requires a party boat operator to maintain a minimum of \$300,000 of liability insurance from an insurer licensed to do business in Texas. The requirement for liability insurance is established by Parks and Wildlife Code, §31.175(c); however, the amount of insurance is set by the commission. Although the department considers that a survey of party boat operations indicates that most are carrying liability insurance that exceeds the \$300,000 minimum, the department nonetheless believes it is prudent to adjust the minimum required value. The current value was established in 2007. Thus, the amendment increases the required minimum to \$500,000 to reflect the fact that the Consumer Price Index has increased significantly since 2007 (49%), and the represents the bare minimum with respect to the ability to respond to incidents resulting in damages or injuries. The amendment also clearly states that the insurance required by the subchapter is to be on a per-incident basis. The department has encountered situations in which persons have maintained that because the rules do not stipulate insurance on a per-incident basis, insuring on a per-vessel or per-fleet basis is therefore sufficient. The department disagrees, maintains that it should be intuitively obvious, and wishes to make this clear in rule. The amendment also requires proof of insurance to be kept on board a party boat at all times and made available upon request to a department employee acting within the scope of official duties. The department believes it is necessary to be able to quickly determine that a party boat operator is in compliance with the minimum insurance requirements at any time the vessel is being used to accommodate paying passengers.

Similarly, the amendment requires the retention of all documentation required by the subchapter for a period of two years, which is the statute of limitations for Parks and Wildlife Code violations under Parks and Wildlife Code, Chapter 31, Subchapter G.

Finally, the amendment removes current subsections (d) and (e). The provisions of subsection (d) are relocated to new §55.408, concerning Passenger Safety. Current subsection (e) is eliminated entirely because passenger load limits will be calculated by an accredited naval architect or marine surveyor as part of

the inspection and assessment regime set forth in new §55.406, concerning Inspections and Certifications.

New §55.406, concerning Inspections and Certifications, prescribes general and specific requirements related to the department's ability to determine vessel safety.

New subsection (a) clearly establishes that any person who operates or allows the operation of a vessel as a party boat when the vessel has not been inspected and certified as provided by the subchapter commits a criminal offense. The provision is necessary because the department believes it should be absolutely clear that no vessel is to be operated as a party boat unless it has been determined by the department or the USCG to be safe for that use. The new subsection also requires a stability test to be performed following significant alterations to the vessel's structure or equipment, or following a reportable incident as described in Parks and Wildlife Code, §31.105, unless the incident does not involve physical damage to the vessel. The department reasons that any development or occurrence that could fundamentally alter a vessel's seaworthiness or stability merits the performance of a stability test to determine the vessel's ability to operate safely. Finally, the new subsection stipulates that when a vessel is required to be the subject of a stability test under the subsection, it is unlawful to operate that vessel as a party boat until the results of the stability test have been submitted to the department and the department has authorized resumption of operation as a party boat. The provision is necessary to provide a verification mechanism for vessels whose safety could potentially be compromised by alteration or incident.

New subsection (b) establishes a continuing inspection and assessment regime for vessels operated as party boats. Current rule requires a qualifying vessel to pass an annual safety inspection conducted by the department before it can be lawfully used as a party boat. The new rule requires 1) an initial comprehensive inspection/certification to be performed by an accredited naval architect or marine surveyor (and department verification of other water safety requirements as a condition of licensure), followed by 2) annual water safety compliance inspections conducted by the department, and 3) additional ongoing inspections by an accredited naval architect or marine surveyor no less frequently than once every five years. In addition to the serious incidents documented earlier in this preamble, the department has encountered numerous problematic issues with respect to compliance and compliance verification, highlighting not only the need for strengthening of regulatory oversight, but new approaches to providing for public safety. However, one significant operational constraint is game warden availability for inspection duties. The department's law enforcement personnel are tasked with a wide and diverse array of enforcement responsibilities, ranging from the enforcement of recreational hunting and fishing laws to environmental, water safety, and border security matters. There are 136 party boats licensed in Texas and 182 operator licenses currently active in the state and most are concentrated around a handful of large lakes, which places a unique burden on game wardens stationed in those areas with respect to scheduling and conducting the inspections required under current rule. Therefore, the department seeks to address the issue by providing for an initial comprehensive inspection and certification to be performed by an accredited naval architect or marine surveyor as opposed to a game warden (although department game wardens would still, prior to issuance, verify that initial water safety requirements have been satisfied). Not only will this approach provide for an independent, professional assessment of vessel seaworthiness and safety, it also allows party

boat owners and operators greater flexibility to schedule inspections. The new subsection requires an initial inspection to be performed by an accredited naval architect or marine surveyor, consisting of an examination of a prospective party boat in dry dock to assess the integrity of the hull, steering, and propulsion systems; a USCG-approved stability test; and determination of an occupancy limit.

New subsection (d) provides for a video inspection to be conducted in lieu of the inspection in dry dock, which is intended to provide an alternative method of compliance in instances where it is impractical or impossible for vessels to be taken out of the water. The rules require a USCG-approved stability test because such tests are already widely performed, understood, and accepted as efficacious, which is necessary to document in writing the limitations on any given vessel necessary to prevent overloading of passengers, cargo, equipment, and fuel that could cause unsafe operational conditions.

New subsection (e) requires the acknowledgment required by subsection (c) to be maintained by the owner of the vessel and provided to the department upon request, which is necessary to provide a mechanism for verifying that the licensee has complied with the inspection requirements of the new section.

New subsection (f) requires an annual water safety compliance inspection to be performed by the department, which will function by providing a continuous process for verifying that party boats and party boat operators are equipped and operating as required by law. The inspection consists of confirmation of compliance with various statutory requirements of Parks and Wildlife Code, Chapter 31 (registration, lights, sound signal devices, fire extinguishers, passenger safety information, etc.), items mandated by department rules promulgated under Parks and Wildlife Code, Chapter 31 (first-aid kit), and the possession and display of required documentation, all of which the department considers necessary to demonstrate - to enforcement personnel and the public - that any given party boat or operator is operating safely as required by law. New subsection (f) also prescribes the process for requesting, scheduling, and performing the annual assessment inspection required under the subsection. As noted earlier, the department has experienced logistical and administrative stress with respect to inspections under the current rules. Current rules specify only that a party boat may not be operated unless an annual inspection has been performed within the previous 12 months. The department has determined that it is necessary to provide additional structure and timeliness to the process; therefore, the adopted rules require licensees to schedule an assessment inspection not more than 60 nor less than 30 days prior to the annual anniversary date of the inspection for initial licensure and require the department to conduct the assessment inspection no more than 30 days prior to that date. By organizing and stratifying requests for inspection, the department can impose some sort of order on the process and avoid logjams that occur when multiple licensees wait until the last minute to obtain the inspections necessary to continue operating in compliance with law.

New subsection (g) requires party boats to be inspected in dry dock or by video at five-year intervals by an accredited naval architect or marine surveyor to determine the suitability of the vessel for continued use as a party boat. Party boats are not pleasure craft, they are working vessels subjected to extensive, repetitive use that can impact hull, power, and steering systems. The department believes it is prudent and appropriate to require

party boats to be inspected in dry dock (or via video) at least once every five years to ensure the integrity of such systems.

New subsection (h) requires the acknowledgment required by subsection (g) to be maintained by the owner of the vessel and provided to the department upon request, which is necessary to provide a mechanism for verifying that the licensee has complied with the inspection requirements of the new section.

New §55.408, concerning Passenger Safety, sets forth specific provisions intended to advance the safety of passengers aboard party boats. New subsection (a) explicitly establishes the number and types of personal flotation devices that must be aboard a party boat when it is carrying passengers, including provisions intended to provide adequate water safety for children and minors.

New subsection (b) enumerates the specific emergency procedures that a party boat operator is required to articulate to each paying passenger aboard a party boat and requires those procedures to be conspicuously posted aboard the vessel for passenger reference. Those procedures are already required under current §55.405, relating to Employer/Owner Responsibilities, and are relocated to the new section for greater organizational sense.

New §55.410, concerning Violations and Penalties, restates verbatim the contents of current §55.406, which is repealed to create space for new §55.406, concerning Inspections and Certifications.

The department received 20 comments opposing adoption of the rules as proposed. Of the 20 comments, thirteen provided a reason or rationale for opposing adoption. Those comments, accompanied by the department's response to each, follow.

One commenter opposed adoption of the rules as proposed and stated that only the legislature has the authority to make law. The department disagrees with the comment and responds that the legislature routinely delegates rulemaking authority to state agencies (including rules to create criminal violations), and rules adopted pursuant to such authority carry the full force and effect of law, including with respect to criminal violations. No changes were made as a result of the comment.

Eleven commenters opposed adoption of the rules as proposed on the basis that the "per-incident" stipulation for liability insurance is impossible to comply with, will result in businesses becoming uninsurable, will impose catastrophic financial and operational burdens, and other, similar statements of dire consequences resulting from enforcement of the rules. The department disagrees with the comments and responds they appear to result from one person's misunderstanding of the rule requirements, which was then shared with multiple interested parties who submitted more-or-less verbatim iterations of the same concerns. The comments specifically mention one marine insurance provider, alleging that provider had stated the rules as proposed would result in large premium increases. The department contacted the provider in question and after clarifying that the insurance requirement of the rules applied only to coverage for incidents significant enough to be required to be reported under Parks and Wildlife Code, §31.105 (incidents resulting in the death of a person; injury to a person that requires medical treatment beyond the provision of first aid; or damage to property in excess of an amount set by the commission of not less than \$2,000), was able to determine that the concerns expressed in the comments were groundless. No changes were made as a result of the comments.

One commenter opposed adoption of the rules as proposed and stated that the rules seemed like a massive duplication of effort the department could avoid by having an agreement with the USCG. The department disagrees with the comment and responds that the rules as adopted actually eliminate duplicated effort by providing for USCG compliance to be accepted in lieu of compliance with department rules, where applicable. No changes were made as a result of the comment.

One commenter opposed adoption of the rules as proposed and stated that requiring a stability test to be performed every five years is not necessary since the rules require a comprehensive marine survey every five years. The department disagrees with the comment and responds that the stability test required by the rules and the marine survey requirement are one in the same. No changes were made as a result of the comment.

The department received 10 comments supporting adoption of the rules as proposed.

SUBCHAPTER H. PARTY BOATS

31 TAC §§55.401 - 55.403, 55.405, 55.406, 55.408, 55.410

The amendments and new sections are adopted under the authority of Parks and Wildlife Code, §31.176, which requires the commission to promulgate rules regarding the requirements and procedures for the issuance and renewal of a party boat operator license to protect the public health and safety, and §31.180, which requires the commission to adopt and enforce rules necessary to implement Parks and Wildlife Code, Chapter 31, Subchapter G.

§55.401. *Definitions.*

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Inland waters--all public waters of this state that lie:
 - (A) entirely within the state; and
 - (B) are not designated as navigable waters regulated by the United States Coast Guard (USCG).
- (2) Party boat--a vessel meeting the definition of "party boat" established in Parks and Wildlife Code, §31.171(2).
- (3) Passenger--a person carried on board a party boat, but does not include:
 - (A) the vessel owner or the owner's agent;
 - (B) the vessel's operator or crew members, if they have not provided a consideration for their transportation before, during, or after the voyage; or
 - (C) a person being trained for the purposes of acquiring a party boat operator's license.
- (4) Owner's Agent--Any person engaged, authorized, or otherwise allowed, directly or indirectly via an intermediary, to operate a vessel that is not owned by the person but is subject to the provisions of this subchapter.
- (5) Accredited Marine Surveyor--A person accredited by one of the following organizations:
 - (A) National Association of Marine Surveyors (NAMSGlobal);
 - (B) Society of Accredited Marine Surveyors (SAMS);

(C) Association of Certified Marine Surveyors (ACMS); or

(D) United States Surveyors Association (USSA) / NAVTECH.

(6) Accredited Naval Architect--A person accredited by one of the following organizations:

(A) Society of Naval Architects and Marine Engineers (SNAME); or

(B) American Society of Naval Engineers (ASNE).

(7) Stability Letter--An affidavit from an accredited naval architect or accredited marine surveyor attesting to the loading limits necessary for the safe operation of a vessel used as a party boat. For the purposes of this subchapter, a stability letter must specifically identify the number of persons that may be aboard the vessel without compromising vessel stability with respect to capsizing (hereinafter, "occupancy limit").

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601365

James Murphy

General Counsel

Texas Parks and Wildlife Department

Effective date: May 1, 2026

Proposal publication date: December 19, 2025

For further information, please call: (512) 389-4775



31 TAC §55.406

The repeal is adopted under the authority of Parks and Wildlife Code, §31.176, which requires the commission to promulgate rules regarding the requirements and procedures for the issuance and renewal of a party boat operator license to protect the public health and safety, and §31.180, which requires the commission to adopt and enforce rules necessary to implement Parks and Wildlife Code, Chapter 31, Subchapter G.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601366

James Murphy

General Counsel

Texas Parks and Wildlife Department

Effective date: May 1, 2026

Proposal publication date: December 19, 2025

For further information, please call: (512) 389-4775



TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 20. TEXAS WORKFORCE COMMISSION

CHAPTER 803. SKILLS DEVELOPMENT FUND

The Texas Workforce Commission (TWC) adopts amendments to the following sections of Chapter 803, relating to the Skills Development Fund:

Subchapter A. General Provisions Regarding the Skills Development Fund, §§803.1 - 803.3

Subchapter B. Program Administration, §803.14

Amended §§803.1 - 803.3 and §803.14 are adopted without changes to the proposed text, as published in the December 26, 2025, issue of the *Texas Register* (50 TexReg 8515), and, therefore, the adopted rule text will not be published.

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the amendments to Chapter 803 is to implement Senate Bill 856 (SB 856) as enacted by the 89th Texas Legislature, Regular Session, 2025. SB 856 amended Texas Labor Code, Chapter 303, by adding the Texas A&M Engineering Experiment Station (TEES) as an eligible applicant for the Skills Development Fund.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND

TWC adopts the following amendments to Subchapter A:

§803.1. Scope and Purpose

Section 803.1(a) is amended to add "the Texas A&M Engineering Experiment Station (TEES)" in accordance with SB 856.

§803.2. Definitions

Section 803.2(1)(B) is amended to add TEES to the definition of "Customized training project" in accordance with SB 856.

Section 803.2(2) is amended to add TEES to the definition of "Eligible applicant" in accordance with SB 856.

Section 803.2(4) is amended to add TEES to the definition of "Grant recipient" in accordance with SB 856.

Section 803.2(6) is amended to add TEES to the definition of "Private partner" in accordance with SB 856.

New §803.2(10) adds the definition of "Texas A&M Engineering Experiment Station."

Existing §803.2(10) is renumbered as §803.2(11).

Existing §803.2(11) is renumbered as §803.2(12) and amended to add TEES to the definition of "Training provider" in accordance with SB 856.

§803.3. Uses of the Fund

Section 803.3(b) is amended to add TEES in accordance with SB 856.

SUBCHAPTER B. PROGRAM ADMINISTRATION

TWC adopts the following amendments to Subchapter B:

§803.14. Procedure for Requesting Funding

Section 803.14(d) and (h)(6) and (8) are amended to add TEES in accordance with SB 856.

PART III. PUBLIC COMMENTS

The comment period ended on January 26, 2026.

TWC received a comment from the Texas Healthcare and Bioscience Institute.

COMMENT: The commenter expressed support for including TEES as an eligible applicant for the Skills Development Fund, stating that it is an important step in strengthening Texas' workforce training infrastructure in support of industry and economic development.

RESPONSE: The Commission appreciates the comment. No changes were made in response to this comment.

SUBCHAPTER A. GENERAL PROVISIONS REGARDING THE SKILLS DEVELOPMENT FUND

40 TAC §§803.1 - 803.3

PART VII. STATUTORY AUTHORITY

These rules are adopted under Texas Labor Code, §301.0015(a)(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The adopted rules relate to Title 4, Texas Labor Code, particularly Chapter 303.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601355

Les Trobman

General Counsel

Texas Workforce Commission

Effective date: April 13, 2026

Proposal publication date: December 26, 2025

For further information, please call: (737) 301-9662



SUBCHAPTER B. PROGRAM ADMINISTRATION

40 TAC §803.14

The rule is adopted under Texas Labor Code, §301.0015(a)(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The adopted rule relates to Title 4, Texas Labor Code, particularly Chapter 303.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 24, 2026.

TRD-202601356

Les Trobman

General Counsel

Texas Workforce Commission

Effective date: April 13, 2026

Proposal publication date: December 26, 2025

For further information, please call: (737) 301-9662



TITLE 43. TRANSPORTATION

PART 1. TEXAS DEPARTMENT OF TRANSPORTATION

CHAPTER 9. CONTRACT AND GRANT MANAGEMENT

SUBCHAPTER A. GENERAL

The Texas Department of Transportation (department) adopts the repeal of §9.4, a new §9.4, and amendments to §§9.2, 9.6, and 9.8, concerning procedures generally applicable to contract and grant management. The amendments to §§9.2, 9.6, and 9.8, repeal of §9.4, and new §9.4 are adopted without changes to the proposed text as published in the January 2, 2026 issue of the *Texas Register* (51 TexReg 57) and will not be republished.

EXPLANATION OF ADOPTED AMENDMENTS, REPEAL, AND NEW SECTIONS

This rulemaking provides a new dispute resolution process for the department's design-build projects that are entered into under Transportation Code, Chapter 223, Subchapter F.

Amendments to §9.2, Contract Claim Procedure, provide that a claim concerning a design-build contract authorized by Subchapter F, Chapter 223 of the Transportation Code will be processed under the design-build claim process proposed in new TAC §9.4.

Section 9.4, Civil Rights-Title VI Compliance, is repealed. The substance of §9.4 is combined with and added to §9.8, Enhanced Contract and Performance Monitoring, in order to make a section within Chapter 9, Subchapter A, available for the new rule.

New §9.4, Design-Build Contract Claim Procedure, provides a new procedure for the processing and resolution of a claim under Transportation Code, §201.112, that arises under certain design-build contracts. Under the procedure the claim must be brought by a design-build contractor for a remedy under a design-build contract entered into under Transportation Code, Chapter 223, Subchapter F and administered by the department.

Subsection (f) of the new section details the new procedure. The procedure permits a design-build contractor, after completing the informal dispute resolution process, to file a contract claim request to be evaluated by the executive director. Subsection (f)(2) provides the requirements of a complete contract claim request, the process for filing the contract claim request, and the actions to be taken by the department after receipt of the contract claim request. Subsection (f)(3) sets out the executive director's responsibilities in evaluating and resolving a contract claim request. Subsection (f)(3) further provides the steps to be taken after the executive director gives a written decision on the contract claim request and provides a process for the design builder,

if it objects to the executive director's decision on the contract claim, to request a contested case hearing to litigate the contract claim request. Subsection (f)(4) addresses the executive director's responsibilities if a contested case hearing is held. Subsection (f)(6) provides that if there is clear and convincing evidence that a person practiced, or attempted, fraud related to a claim, the claim is forfeited.

Amendments to §9.6, Contract Claim Procedure for Comprehensive Development Agreements and Certain Design-Build Contracts, clarify that §9.6 applies only to a design-build contract that is entered into under Transportation Code, Chapter 223, Subchapter E, and only if such a contract is for a specified amount. The amendments to §9.6 do not change the procedure currently applicable to those contracts.

Amendments to §9.8, Enhanced Contract and Performance Monitoring, add to that section the substance of §9.4, Design-Build Contract Claim Procedure, which is repealed by this rulemaking. The heading of §9.8 is conformed to reflect that addition.

COMMENTS

No comments on the proposed amendments, repeal, and new section were received.

43 TAC §§9.2, 9.4, 9.6, 9.8

STATUTORY AUTHORITY

The new rule and amendments are adopted under Transportation Code, §201.101, which provides the Texas Transportation Commission (commission) with the authority to establish rules for the conduct of the work of the department.

CROSS REFERENCE TO STATUTES IMPLEMENTED BY THIS RULEMAKING

Transportation Code, Chapter 223, Subchapters E and F.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 25, 2026.

TRD-202601379

James Kirk

Senior General Counsel

Texas Department of Transportation

Effective date: April 14, 2026

Proposal publication date: January 2, 2026

For further information, please call: (512) 298-8987



43 TAC §9.4

STATUTORY AUTHORITY

The repeal is adopted under Transportation Code, §201.101, which provides the Texas Transportation Commission (commission) with the authority to establish rules for the conduct of the work of the department.

CROSS REFERENCE TO STATUTES IMPLEMENTED BY THIS RULEMAKING

Transportation Code, Chapter 223, Subchapters E and F.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on March 25, 2026.

TRD-202601380

James Kirk

Senior General Counsel

Texas Department of Transportation

Effective date: April 14, 2026

Proposal publication date: January 2, 2026

For further information, please call: (512) 298-8987





REVIEW OF AGENCY RULES

This section contains notices of state agency rule review as directed by the Texas Government Code, §2001.039.

Included here are proposed rule review notices, which invite public comment to specified rules under review; and adopted rule review notices, which summarize public comment received as part of the review. The complete text of an agency's rule being reviewed is available in the *Texas Administrative Code* on the Texas Secretary of State's website.

For questions about the content and subject matter of rules, please contact the state agency that is reviewing the rules. Questions about the website and printed copies of these notices may be directed to the *Texas Register* office.

Proposed Rule Reviews

Department of Savings and Mortgage Lending

Title 7, Part 4

The Department of Savings and Mortgage Lending (SML), on behalf of the Finance Commission of Texas (commission), publishes notice of its intent to review and consider for reoption, reoption with amendments, or repeal by the commission, 7 TAC Part 4, Chapter 75, Savings Banks.

The review will be conducted in accordance with Government Code §2001.039. During the review, SML will assess whether the reasons for initially adopting the rules continue to exist. Each rule will be reviewed to determine whether it is obsolete, reflects current policy considerations and procedures of SML, and whether it is in compliance with Government Code Chapter 2001.

Written comments regarding the rule review and whether the reasons for initially adopting the rules under review continue to exist should be sent to Iain A. Berry, General Counsel, at 2601 North Lamar Blvd., Suite 201, Austin, Texas 78705-4294, or by email to rules.comments@sml.texas.gov. Comments must be received within 30 days after publication of this notice. Any proposed changes to the rules resulting from rule review will be published in the Proposed Rules section of the *Texas Register* and will be open for public comment at that time, prior to potential adoption by the commission.

TRD-202601426

Iain A. Berry

General Counsel

Department of Savings and Mortgage Lending

Filed: March 30, 2026



Texas Higher Education Coordinating Board

Title 19, Part 1

The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 1, Subchapter L, Formula Advisory Committee - General Academic Institutions, Technical Colleges, and State Colleges, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 1, Subchapter L, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 1, Subchapter L.

TRD-202601407

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Filed: March 30, 2026



The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 1, Subchapter M, Formula Advisory Committee – Health-Related Institutions, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 1, Subchapter M, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 1, Subchapter M.

TRD-202601408

Douglas Brock

General Counsel

Texas Higher Education Coordinating Board

Filed: March 30, 2026



The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 1, Subchapter V, Texas Transfer Advisory Committee and Discipline - Specific Subcommittees, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule

continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 1, Subchapter V, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 1, Subchapter V.

TRD-202601409
Douglas Brock
General Counsel
Texas Higher Education Coordinating Board
Filed: March 30, 2026



The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 1, Subchapter AA, Sick Leave Pool, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 1, Subchapter AA, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 1, Subchapter AA.

TRD-202601405
Douglas Brock
General Counsel
Texas Higher Education Coordinating Board
Filed: March 30, 2026



The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 5, Subchapter E, Texas Governor's Schools, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 5, Subchapter E, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 5, Subchapter E.

TRD-202601415

Douglas Brock
General Counsel
Texas Higher Education Coordinating Board
Filed: March 30, 2026



The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 5, Subchapter F, Math, Science, and Technology Teacher Preparation Academies, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 5, Subchapter F, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 5, Subchapter F.

TRD-202601416
Douglas Brock
General Counsel
Texas Higher Education Coordinating Board
Filed: March 30, 2026



The Texas Higher Education Coordinating Board (Coordinating Board) proposes the review of Texas Administrative Code (TAC), Title 19, Part 1, Chapter 13, Subchapter A, Definitions, pursuant to Texas Government Code §2001.039.

This review is conducted as required by law, which states that state agencies must assess whether the initial reasons for adopting a rule continue to exist every four years. As required by statute, the Coordinating Board will accept comments as to whether TAC, Chapter 13, Subchapter A, should continue.

Comments on the review may be submitted to Kimberly Fuchs, Assistant General Counsel, P.O. Box 12788, Austin, Texas 78711-2788, or via email at RulesComments@highered.texas.gov. Comments will be accepted for 30 days following publication of this notice in the *Texas Register*.

The text of the rule section being reviewed will not be published, but may be found in TAC, Title 19, Part 1, Chapter 13, Subchapter A.

TRD-202601421
Douglas Brock
General Counsel
Texas Higher Education Coordinating Board
Filed: March 30, 2026



Texas Education Agency

Title 19, Part 2

Texas Education Agency (TEA) proposes the review of 19 TAC Chapter 161, Commissioner's Rules Concerning Advisory Committees, pursuant to Texas Government Code, §2001.039.

As required by Texas Government Code, §2001.039, TEA will accept comments as to whether the reasons for adopting Chapter 161 continue to exist. The public comment period on the review begins April 10, 2026, and ends May 11, 2026. A form for submitting public comments on the proposed rule review is available on the TEA website at <https://tea.texas.gov/about-tea/laws-and-rules/commissioner-rules-tac/commissioner-of-education-rule-review>.

TRD-202601410
Cristina De La Fuente-Valadez
Director, Rulemaking
Texas Education Agency
Filed: March 30, 2026

◆ ◆ ◆
Adopted Rule Reviews

Credit Union Department

Title 7, Part 6

The Texas Credit Union Commission (Commission) adopts the review of 7 TAC, Part 6, Chapter 91, Subchapter G (Lending Powers).

These rules were reviewed pursuant to the Department's quadrennial rule review in accordance with Texas Government Code Section 2001.039 and the Department's rule review plan approved at the March 22, 2024, Commission meeting.

Notice of the review of 7 TAC, Part 6, Chapter 91, Subchapter G (Lending Powers) were published in the January 23, 2026, issue of the *Texas Register* (51 TexReg 413). The Department received no comments on the proposed rule review.

After reviewing these rules, the Commission finds that the reasons for initially adopting these rules continue to exist, and readopts Chapter

91, Subchapters G. However, the Commission has determined certain amendments should be made and has proposed those changes separately in a separate rulemaking. This concludes the review of 7 TAC, Part 6, Chapter 91, Subchapters G.

TRD-202601399
Robert W. Etheridge
Commissioner
Credit Union Department
Filed: March 30, 2026

◆ ◆ ◆
The Credit Union Commission (Commission) has completed its review of Chapter 95 Subchapter A (Insurance Requirements); Subchapter B (Liquidating Agents); Subchapter C (Guaranty Credit Union); and Subchapter D (Disclosure for Non-Federally Insured Credit Unions).

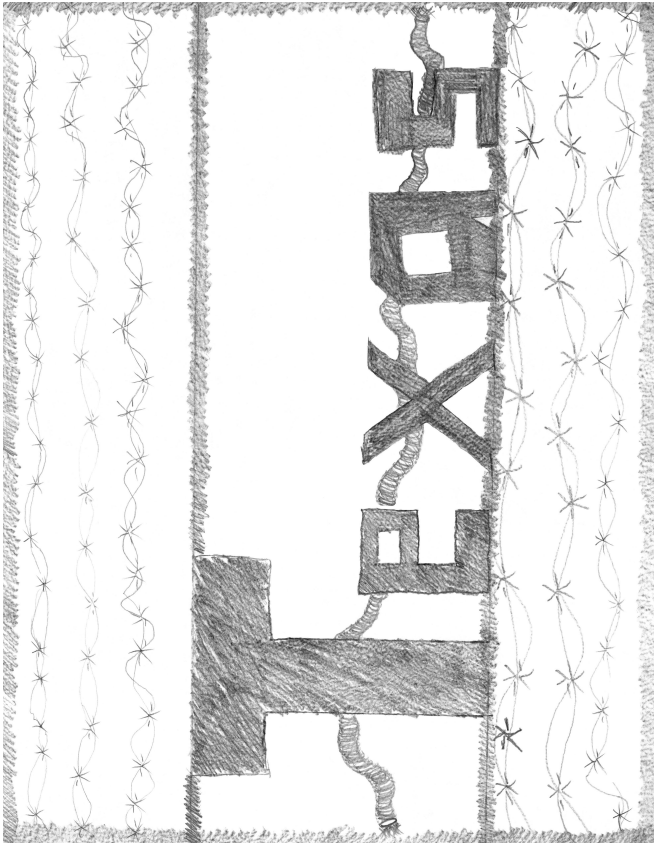
The rules were reviewed as a result of the Department's general rule review under Texas Government Code Section 2001.039.

Notice of the review of 7 TAC, Part 6, Chapter 95, Subchapters A, B, C, and D were published in the *Texas Register* as required on January 23, 2026 (51 TexReg 413). The Department received no formal comment on the notice of intention to review.

This concludes the review of Chapter 95.

TRD-202601400
Robert W. Etheridge
Commissioner
Credit Union Department
Filed: March 30, 2026

◆ ◆ ◆



TABLES & GRAPHICS

Graphic images included in rules are published separately in this tables and graphics section. Graphic images are arranged in this section in the following order: Title Number, Part Number, Chapter Number and Section Number.

Graphic images are indicated in the text of the emergency, proposed, and adopted rules by the following tag: the word “Figure” followed by the TAC citation, rule number, and the appropriate subsection, paragraph, subparagraph, and so on.

Figure: 19 TAC §150.1041(c)(1)(C)

Local Optional Teacher Designation System Application Statutorily Based Framework

Component	Requirements
Includes a teacher observation component and a percent weight is assigned	<ul style="list-style-type: none"> Includes a teacher observation component as part of the local teacher designation system and assigns a clear percent weight for it. For teachers who teach more than one content area/grade level, it is clear which content area/grade level will be used for purpose of TIA for all the teachers in each respective eligible teacher category.
Includes a Student Growth component and a percent weight is assigned	<ul style="list-style-type: none"> Uses approved student growth measures as part of the local teacher designation system for all eligible teaching assignments, and clearly identifies which student growth measures apply to which eligible teaching assignments. A clear percent weight of the student growth component is assigned.
Teacher Observation Rubric and Appraiser Certification	<ul style="list-style-type: none"> District uses an approved teacher observation rubric that is based on observable, job-related behaviors that are described with progressive descriptors for each dimension, including alignment to §149.1001 of this title (relating to Teacher Standards) and a clear proficiency indicator. Thorough training/certification is required for all appraisers. Calibration component required during certification. Recertification of appraisers required at minimum every 3 years.
Reliability of teacher appraisers within and across campuses	<ul style="list-style-type: none"> Calibration among appraisers both within and among campuses, including district leadership, is required at least once a year. (Note: for districts with fewer than 3 appraisers districtwide, calibration component includes partnering with additional trained appraisers, such as teacher leaders, ESC partners, etc.) Appraisers calibrate on scoring using the district’s teacher observation rubric at least annually by conducting a multi-appraiser observation either in-person or on video. District has reviewed the TIA Statewide Performance Standards with teachers as an overall guide for how to determine designation levels.
District review of teacher observation trends	<ul style="list-style-type: none"> Principals and principal supervisors review campus-based teacher observation trends at least quarterly by grade/subject/appraiser. For districts with more than one campus: District leaders review districtwide teacher observation trends at least quarterly by grade/subject/campus/appraiser. District explains how it addresses lack of appraiser calibration in both ratings and aligned evidence for ratings.
District reviews correlation of teacher observation and student growth data and develops plan to address any issues	<ul style="list-style-type: none"> Campus leaders review the correlation of teacher observation data to student growth data at the campus level at least once a year. For districts with more than one campus, district leaders review the district-wide correlation of teacher observation and student growth data. The district explains how it identifies and addresses lack of correlation between teacher observation data and student growth data.

Observation/feedback schedule	<ul style="list-style-type: none"> • All teachers in eligible teaching assignments receive at least one 45 min. observation or multiple observations that aggregate to 45 min. during their data capture year, including scores on all observable domains. • Full teacher observation and student growth measures are required for all teachers in eligible teaching assignments during the data capture year. • If using multi-year appraisal system, both teacher observation data and student growth data are from the same school year.
Student Learning Objectives: Rationale	<ul style="list-style-type: none"> • District has a clear rationale for using SLOs as a student growth measure in their local teacher designation system.
Student Learning Objectives: Validity in administration of the SLO	<ul style="list-style-type: none"> • District requires training annually on the administration of SLOs. • District provides guidance, protocols, and rubrics for the administration of assignments, projects, and tasks that are used as part of the SLO body of evidence.
Student Learning Objectives: Updated SLO training	<ul style="list-style-type: none"> • District received SLO training or plans to have SLO training prior to beginning of the data capture year.
Student Learning Objectives: Alignment to texasslo.org	<ul style="list-style-type: none"> • District's SLO system aligns to the process described on TexasSLO.org.
Student Learning Objectives: Requirements for writing an SLO	<ul style="list-style-type: none"> • District ensures that all SLOs used are aligned to the standards for the course and focus on a foundational skill that is addressed throughout the school year.
Student Learning Objectives: Requirements for approving an SLO	<ul style="list-style-type: none"> • All SLOs are approved by teacher appraisers who follow guidance for approving SLOs as listed on the Texas SLO website.
Student Learning Objectives: Security of the body of evidence	<ul style="list-style-type: none"> • District has protocols in place to ensure the security of student assessment/assignment documents used in the SLO.
Student Learning Objectives: Requirements of the body of evidence	<ul style="list-style-type: none"> • Five or more pieces of student work comprise the body of evidence.
Student Learning Objectives: Setting Expected Growth Targets	<ul style="list-style-type: none"> • District uses the Initial Skill profile and the Targeted Skill Profile (TSP), based on multiple data points to set individual expected growth targets for each student at the beginning of the year.
Student Learning Objectives: Determining students' end of year growth	<ul style="list-style-type: none"> • District uses the body of evidence of student work as it aligns to students' expected growth targets on the TSP to determine whether students met their targeted growth at the end of the year.

Portfolios: Rationale	<ul style="list-style-type: none"> • District has a clear rationale for using portfolios as a student growth measure in their local teacher designation system.
Portfolios: Validity and reliability in portfolio assignment administration	<ul style="list-style-type: none"> • District has protocols in place to ensure the valid administration of all assignments/projects to be used as part of the student portfolio. • Teachers are trained in procedures for administration of portfolio assignments.
Portfolios: Security of portfolios	<ul style="list-style-type: none"> • District has procedures in place to ensure the security of all portfolio documents and provides training to teachers regarding portfolio security.
Portfolios: Artifacts to be included in the portfolio	<ul style="list-style-type: none"> • District has clear guidelines for what is required for a student task/assignment/project to be included as part of the student portfolio.
Portfolios: Number of artifacts	<ul style="list-style-type: none"> • Student portfolios consist of more than one artifact.
Portfolios: Development of Scoring Rubric	<ul style="list-style-type: none"> • Portfolio rubric required to align to content standards of the course and required to specify what students need to know and be able to do across at least four different skill levels. • District identifies which roles will be responsible for creating and approving portfolio scoring rubrics.
Portfolios: Scoring artifacts based on the rubric	<ul style="list-style-type: none"> • District has clear plan for who will use the scoring rubric to assess student portfolios, including a selection and training process for all scorers. • District requires training annually on the scoring of rubrics.
Portfolios: Setting student expected growth targets	<ul style="list-style-type: none"> • There are clear procedures and guidelines for how to set student expected growth targets at the beginning of the year using a portfolio system.
Portfolios: Calculation of a teacher's end of year student growth	<ul style="list-style-type: none"> • Clear and published procedures exist for how student growth data based on the portfolio is calculated for each individual student and how this data is used to determine the teachers' end of year student growth rating for teachers in all applicable eligible teaching assignments.
Value-Added Measures: Rationale	<ul style="list-style-type: none"> • District has a clear rationale for using VAM as a student growth measure in their local teacher designation system.
Value-Added Measures: Assessments used to calculate VAM	<ul style="list-style-type: none"> • District uses state-approved or nationally normed, standards-aligned assessments to calculate VAM for all teacher groups using this measure.
Value-Added Measures: Multiple Years of Student Data	<ul style="list-style-type: none"> • VAM calculation based on multi-year data

Value-Added Measures: Setting expected growth targets	<ul style="list-style-type: none"> District has clear and well-communicated procedures for how VAM is used to set expected growth targets.
Value-Added Measures: Calculation of a teacher's end of year student growth rating	<ul style="list-style-type: none"> Clear and published procedures exist for how student growth data based on VAM is calculated for each individual student and for how this data is used to determine the teachers' end-of-year student growth rating for teachers in all teachers in applicable eligible teaching assignments.
Value-Added Measures: Calculation of VAM	<ul style="list-style-type: none"> District uses 3rd party statisticians or has a local process to run statistical VAM calculations that includes multi-year data on a nationally normed or criterion-referenced test.
Value-Added Measures: Locally calculated VAM	<ul style="list-style-type: none"> District has clear and specific policies and procedures for how they calculate VAM locally that are informed by the standards used for calculating statewide value-added measures.
Pre-Test/Post-Test: Validity and reliability of pre-test/post-test	<ul style="list-style-type: none"> District explains how each assessment used aligns to the standards/content covered in each respective course.
Pre-Test/Post-Test: Administration of pre-test/post-test	<ul style="list-style-type: none"> District identifies the protocols and training it gives annually on the valid and reliable administration and security of each specific pre-test/post-test used.
Pre-Test/Post-Test: Setting expected growth targets	<ul style="list-style-type: none"> District has clear procedures in place for how to set valid expected growth targets at the beginning of the year using the pre-test.
Pre-Test/Post-Test: Calculating end of year student growth	<ul style="list-style-type: none"> District has clear procedures for how to determine students' end of year growth based on the pre-test, expected growth target, and post-test.
Pre-Test/Post-Test: Requirements for writing standards aligned pre-tests/post-tests	<ul style="list-style-type: none"> District has rigorous protocols in place for writing district-created assessments that align to the standards of the course and that follow best practices in assessment design. District requires qualifications to be able to design district-created tests that include, at minimum, in-depth content knowledge of the subject matter/grade level being assessed and which positions are authorized to do so.
Pre-Test/Post-Test: Process to review and approve district-created pre-tests/post-tests	<ul style="list-style-type: none"> All district-created pre-tests/post-tests require a rigorous approval process including multiple levels of review, checks for alignment to standards of the course, and for the ability of the tests to measure student growth across a wide variety of student ability levels (stretch of the test).

<p>Spending: Distribution of Allotment Funds</p>	<ul style="list-style-type: none"> • District spends at least 90% of TIA funds on teacher compensation on the campuses where the designated teachers work. • District spends no more than 10% of TIA funds at the district level to support rollout and implementation of TIA and/or to support teachers in earning a TIA designation through professional development. • District has plans to expend all allotment funds by August 31st, annually. • District has clear plans for how to spend any funds reserved at the district level to support the local designation system. Compliance with §48.112 is required for full readiness.
--	--



IN ADDITION

The *Texas Register* is required by statute to publish certain documents, including applications to purchase control of state banks, notices of rate ceilings issued by the Office of Consumer Credit Commissioner, and consultant proposal requests and awards. State agencies also may publish other notices of general interest as space permits.

Concho Valley Workforce Development Board

Request for Proposals - Operation and Management of Workforce Solutions of the Concho Valley Center, Programs, and Child Care Services

Request for Proposal (RFP): Concho Valley Workforce Development Board (CVWDB) is seeking qualified parties to submit proposals for operation and management of its workforce center (Workforce Solutions), incorporating at a minimum, but not limited to, Childcare Services, Workforce Innovation and Opportunity Act (WIOA) programs, Choices/Temporary Assistance to Needy Families (TANF), and Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T). Interested parties may obtain a copy of the Request for Proposal (RFP) by visiting the website at <https://cvworkforce.org/about/list-of-rfprfq.html>. Proposals will be accepted until 12:00 p.m. CDT, May 15, 2026, as detailed in the RFP. A mandatory letter of *Intent to Bid* is due by April 13, 2026. CVWDB reserves the right to accept or reject any or all proposals.

TRD-202601389

Yolanda Sanchez

Executive Director

Concho Valley Workforce Development Board

Filed: March 27, 2026

Office of Consumer Credit Commissioner

Notice of Rate Ceilings

The Consumer Credit Commissioner of Texas has ascertained the following rate ceilings by use of the formulas and methods described in §303.003, 303.005, and §303.009, Texas Finance Code.

The weekly ceiling as prescribed by §303.003 and §303.009 for the period of 04/06/26 - 04/12/26 is 18.00% for consumer¹ credit.

The weekly ceiling as prescribed by §303.003 and §303.009 for the period of 04/06/26 - 04/12/26 is 18.00% for commercial² credit.

The monthly ceiling as prescribed by §303.005³ and §303.009 for the period of 04/01/26 - 04/30/26 is 18.00%.

The quarterly ceiling as prescribed by §303.008 and §303.009 for the period of 04/01/26 - 06/30/26 is 18.00% for consumer¹ credit.

The quarterly ceiling as prescribed by §303.008 and §303.009 for the period of 04/01/26 - 06/30/26 is 18.00% for commercial² credit.

The annualized ceiling as prescribed by §303.008 and §303.009⁴ for the period of 04/01/26 - 03/31/27 is 18.00% for consumer¹ credit.

The annualized ceiling as prescribed by §303.008 and §303.009⁴ for the period of 04/01/26 - 03/31/27 is 18.00% for commercial² credit.

¹ Credit for personal, family, or household use.

² Credit for business, commercial, investment, or other similar purpose.

³ Only for variable rate commercial transactions, as provided by §303.004(a)

⁴ Only for open-end credit as defined in §301.002(14), as provided by §303.007.

TRD-202601438

Leslie L. Pettijohn

Commissioner

Office of Consumer Credit Commissioner

Filed: March 31, 2026

Texas Commission on Environmental Quality

Agreed Orders

The Texas Commission on Environmental Quality (TCEQ, agency, or commission) staff is providing an opportunity for written public comment on the listed Agreed Orders (AOs) in accordance with Texas Water Code (TWC), §7.075. TWC, §7.075 requires that before the commission may approve the AOs, the commission shall allow the public an opportunity to submit written comments on the proposed AOs. TWC, §7.075 requires that notice of the proposed orders and the opportunity to comment must be published in the *Texas Register* no later than the 30th day before the date on which the public comment period closes, which in this case is **May 11, 2026**. TWC, §7.075 also requires that the commission promptly consider any written comments received and that the commission may withdraw or withhold approval of an AO if a comment discloses facts or considerations that indicate that consent is inappropriate, improper, inadequate, or inconsistent with the requirements of the statutes and rules within the commission's jurisdiction or the commission's orders and permits issued in accordance with the commission's regulatory authority. Additional notice of changes to a proposed AO is not required to be published if those changes are made in response to written comments.

A physical copy of each proposed AO is available for public inspection at both the commission's central office, located at 12100 Park 35 Circle, Building C, 1st Floor, Austin, Texas 78753, (512) 239-2545 and at the applicable regional office listed as follows. Additionally, copies of the proposed AO can be found online by using either the Chief Clerk's eFiling System at <https://www.tceq.texas.gov/goto/efilings> or the TCEQ Commissioners' Integrated Database at <https://www.tceq.texas.gov/goto/cid>, and searching either of those databases with the proposed AO's identifying information, such as its docket number. Written comments about an AO should be sent to the enforcement coordinator designated for each AO at the commission's central office at Enforcement Division, MC 128, P.O. Box 13087, Austin, Texas 78711-3087 and must be postmarked by 5:00 p.m. on **May 11, 2026**. Written comments may also be sent to the enforcement coordinator by email to ENF-COMNT@tceq.texas.gov or by facsimile machine at (512) 239-2550. The commission enforcement coordinators are available to discuss the AOs and/or the comment procedure at the listed contact information; however, TWC, §7.075 provides that comments on the AOs shall be submitted to the commission in writing.

(1) COMPANY: ADAM SHARP; DOCKET NUMBER: 2025-1508-WOC-E; IDENTIFIER: RN112245170; LOCATION: San Augustine, San Augustine County; TYPE OF FACILITY: operator; PENALTY:

\$175; ENFORCEMENT COORDINATOR: Kaisie Hubschmitt, (512) 239-1482; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(2) COMPANY: Bismil Properties, Inc.; DOCKET NUMBER: 2025-1601-PWS-E; IDENTIFIER: RN101192136; LOCATION: Tomball, Harris County; TYPE OF FACILITY: public water supply; PENALTY: \$1,575; ENFORCEMENT COORDINATOR: Iliia Perez Ramirez, (512) 239-2556; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(3) COMPANY: CEPEDA, JESUS; DOCKET NUMBER: 2025-1609-WQ-E; IDENTIFIER: RN111772885; LOCATION: Edcouch, Hidalgo County; TYPE OF FACILITY: aggregate production operation; PENALTY: \$6,705; ENFORCEMENT COORDINATOR: Madison Travis, (512) 239-4687; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(4) COMPANY: City of Annona; DOCKET NUMBER: 2022-1172-MWD-E; IDENTIFIER: RN101721132; LOCATION: Annona, Red River County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$10,200; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$8,160; ENFORCEMENT COORDINATOR: Elizabeth Vanderwerken, (512) 239-5900; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(5) COMPANY: City of Bonham; DOCKET NUMBER: 2024-1295-MWD-E; IDENTIFIER: RN101919850; LOCATION: Bonham, Fannin County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$20,000; ENFORCEMENT COORDINATOR: Bethany Batchelor, (713) 767-3586; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(6) COMPANY: City of China; DOCKET NUMBER: 2023-0146-MWD-E; IDENTIFIER: RN101721686; LOCATION: China, Jefferson County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$13,500; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$10,800; ENFORCEMENT COORDINATOR: Penny Wimberly, (512) 239-0538; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(7) COMPANY: City of Edcouch; DOCKET NUMBER: 2025-1231-MWD-E; IDENTIFIER: RN101916377; LOCATION: Edcouch, Hidalgo County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$12,150; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$9,720; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(8) COMPANY: City of Fort Worth; DOCKET NUMBER: 2025-1499-AIR-E; IDENTIFIER: RN100942259; LOCATION: Arlington, Tarrant County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$18,058; ENFORCEMENT COORDINATOR: Yuliya Dunaway, (210) 403-4077; REGIONAL OFFICE: 14250 Judson Road, San Antonio, Texas 78233-4480, REGION 13 - SAN ANTONIO.

(9) COMPANY: City of Jersey Village; DOCKET NUMBER: 2024-0225-MWD-E; IDENTIFIER: RN101919967; LOCATION: Jersey Village, Harris County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$10,125; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$8,100; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(10) COMPANY: City of Lexington; DOCKET NUMBER: 2025-0846-MWD-E; IDENTIFIER: RN101916906; LOCATION: Lexington, Lee County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$2,700; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$2,160; ENFORCEMENT COORDINATOR: Amy Lane, (512) 239-2614; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(11) COMPANY: City of Nacogdoches; DOCKET NUMBER: 2024-1291-MWD-E; IDENTIFIER: RN101611283; LOCATION: Nacogdoches, Nacogdoches County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$73,160; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$58,528; ENFORCEMENT COORDINATOR: Kadrienn Woodard, (713) 767-3602; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(12) COMPANY: City of Odessa; DOCKET NUMBER: 2025-1679-MWD-E; IDENTIFIER: RN101614261; LOCATION: Odessa, Midland County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$8,850; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$7,080; ENFORCEMENT COORDINATOR: Harley Hobson, (512) 239-1337; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(13) COMPANY: City of Taylor; DOCKET NUMBER: 2021-1188-MWD-E; IDENTIFIER: RN102181583; LOCATION: Taylor, Williamson County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$6,375; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$6,375; ENFORCEMENT COORDINATOR: Casey Cobb, (512) 239-0351; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(14) COMPANY: City of Trinity; DOCKET NUMBER: 2023-0310-MWD-E; IDENTIFIER: RN101607182; LOCATION: Trinity, Trinity County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$178,400; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$142,720; ENFORCEMENT COORDINATOR: Derek Osborn, (512) 239-0353; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(15) COMPANY: City of Weslaco; DOCKET NUMBER: 2024-1160-MWD-E; IDENTIFIER: RN101607943; LOCATION: Weslaco, Hidalgo County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$58,900; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$58,900; ENFORCEMENT COORDINATOR: Alejandra Basave, (713) 767-3751; REGIONAL OFFICE: 14250 Judson Road, San Antonio, Texas 78233-4480, REGION 13 - SAN ANTONIO.

(16) COMPANY: City of Whitesboro; DOCKET NUMBER: 2025-0941-MWD-E; IDENTIFIER: RN102796679; LOCATION: Whitesboro, Grayson County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$10,500; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$8,400; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(17) COMPANY: City of Willis; DOCKET NUMBER: 2025-1571-PWS-E; IDENTIFIER: RN101415701; LOCATION: Willis, Montgomery County; TYPE OF FACILITY: public water supply; PENALTY: \$6,435; ENFORCEMENT COORDINATOR: Emerson Rinewalt, (512) 239-1131; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(18) COMPANY: Colt G & P (North Texas) L.P.; DOCKET NUMBER: 2025-1261-AIR-E; IDENTIFIER: RN105093512; LOCATION:

Weatherford, Parker County; TYPE OF FACILITY: crude petroleum and natural gas extraction plant; PENALTY: \$8,000; ENFORCEMENT COORDINATOR: Desmond Martin, (512) 239-2814; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(19) COMPANY: Cosmos Operating LLC; DOCKET NUMBER: 2025-1458-PST-E; IDENTIFIER: RN102464971; LOCATION: Brady, McCulloch County; TYPE OF FACILITY: convenience store retail sales of gasoline; PENALTY: \$4,845; ENFORCEMENT COORDINATOR: Stephanie McCurley, (512) 239-2607; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(20) COMPANY: Dallas County Park Cities Municipal Utility District; DOCKET NUMBER: 2025-1730-WQ-E; IDENTIFIER: RN104918552; LOCATION: Dallas, Dallas County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$10,101; ENFORCEMENT COORDINATOR: Madison Travis, (512) 239-4687; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(21) COMPANY: Douglas A. Bateman; DOCKET NUMBER: 2025-1566-PWS-E; IDENTIFIER: RN101198778; LOCATION: Rosharon, Brazoria County; TYPE OF FACILITY: public water supply; PENALTY: \$175; ENFORCEMENT COORDINATOR: Obianuju Iyasele, (512) 239-5280; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(22) COMPANY: Eli Sasson; DOCKET NUMBER: 2025-1279-PWS-E; IDENTIFIER: RN101258077; LOCATION: Houston, Harris County; TYPE OF FACILITY: public water supply; PENALTY: \$3,515; ENFORCEMENT COORDINATOR: Savannah Jackson, (512) 239-4306; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(23) COMPANY: Energy Transfer GC NGL Fractionators LLC; DOCKET NUMBER: 2023-0674-IWD-E; IDENTIFIER: RN110476538; LOCATION: Baytown, Chambers County; TYPE OF FACILITY: gas processing plant; PENALTY: \$22,500; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$11,250; ENFORCEMENT COORDINATOR: Monica Larina, (512) 239-2545; REGIONAL OFFICE: 500 North Shoreline Boulevard, Suite 500, Corpus Christi, Texas 78401, REGION 14 - CORPUS CHRISTI.

(24) COMPANY: Eraco LLC; DOCKET NUMBER: 2024-1910-PST-E; IDENTIFIER: RN102050549; LOCATION: San Antonio, Bexar County; TYPE OF FACILITY: convenience store with retail sales of gasoline; PENALTY: \$10,744; ENFORCEMENT COORDINATOR: Rachel Murray, (903) 535-5149; REGIONAL OFFICE: 2916 Teague Drive, Tyler, Texas 75701-3734, REGION 5 - TYLER.

(25) COMPANY: ETC North Permian Midstream LLC; DOCKET NUMBER: 2025-1654-AIR-E; IDENTIFIER: RN100212653; LOCATION: Stanton, Martin County; TYPE OF FACILITY: oil and gas production plant; PENALTY: \$9,956; ENFORCEMENT COORDINATOR: John Burkett, (512) 239-4169; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(26) COMPANY: FUEL BLENDEES, INC.; DOCKET NUMBER: 2025-0538-MLM-E; IDENTIFIER: RN104790134; LOCATION: Taylor, Williamson County; TYPE OF FACILITY: used oil processor and transporter; PENALTY: \$9,251; ENFORCEMENT COORDINATOR: Elizabeth Vanderwerken, (512) 239-5900; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(27) COMPANY: Ineos Acetyls Chemicals Texas City, Inc.; DOCKET NUMBER: 2025-1620-AIR-E; IDENTIFIER: RN100212620; LOCATION: Texas City, Galveston County; TYPE OF FACILITY: chemical manufacturing plant; PENALTY: \$21,900; ENFORCEMENT COORDINATOR: Christina Ferrara, (512) 239-5081; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(28) COMPANY: J-3 Metals Recycling Center, LLC; DOCKET NUMBER: 2023-1584-IHW-E; IDENTIFIER: RN105926463; LOCATION: Vidor, Jasper County; TYPE OF FACILITY: metal shredding facility; PENALTY: \$8,063; ENFORCEMENT COORDINATOR: Stephanie McCurley, (512) 239-2607; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(29) COMPANY: Kaufman County Municipal Utility District 12; DOCKET NUMBER: 2025-1628-WQ-E; IDENTIFIER: RN105160303; LOCATION: Forney, Kaufman County; TYPE OF FACILITY: collection system; PENALTY: \$9,375; ENFORCEMENT COORDINATOR: Alejandra Basave, (713) 767-3751; REGIONAL OFFICE: 14250 Judson Road, San Antonio, Texas 78233-4480, REGION 13 - SAN ANTONIO.

(30) COMPANY: Kyle Hultz, trustee of The Hultz Living Trust; DOCKET NUMBER: 2025-1784-PWS-E; IDENTIFIER: RN112101233; LOCATION: Helotes, Bexar County; TYPE OF FACILITY: public water supply; PENALTY: \$1,063; ENFORCEMENT COORDINATOR: Obianuju Iyasele, (512) 239-5280; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(31) COMPANY: LUKE BROWN; DOCKET NUMBER: 2026-0297-WR-E; IDENTIFIER: RN112364435; LOCATION: San Augustine, San Augustine County; TYPE OF FACILITY: reservoir; PENALTY: \$250; ENFORCEMENT COORDINATOR: Alejandra Basave, (713) 767-3751; REGIONAL OFFICE: 14250 Judson Road, San Antonio, Texas 78233-4480, REGION 13 - SAN ANTONIO.

(32) COMPANY: Lake Pointe Municipal Utility District; DOCKET NUMBER: 2025-0517-WQ-E; IDENTIFIER: RN111015194; LOCATION: Bee Cave, Travis County; TYPE OF FACILITY: municipal separate storm sewer system; PENALTY: \$3,375; ENFORCEMENT COORDINATOR: Elizabeth Vanderwerken, (512) 239-5900; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(33) COMPANY: Lakeshore Utility Company; DOCKET NUMBER: 2025-1801-PWS-E; IDENTIFIER: RN102679701; LOCATION: Mabank, Henderson County; TYPE OF FACILITY: public water supply; PENALTY: \$6,390; ENFORCEMENT COORDINATOR: Katherine Mckinney, (512) 239-4619; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(34) COMPANY: Laneville Water Supply Corporation; DOCKET NUMBER: 2025-1803-PWS-E; IDENTIFIER: RN101454189; LOCATION: Laneville, Rusk County; TYPE OF FACILITY: public water supply; PENALTY: \$2,850; ENFORCEMENT COORDINATOR: Ryan Fukawa, (512) 239-4678; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(35) COMPANY: Oliver & Thompson Companies, LLC; DOCKET NUMBER: 2025-1675-PWS-E; IDENTIFIER: RN109861591; LOCATION: Midland, Midland County; TYPE OF FACILITY: public water supply; PENALTY: \$1,500; ENFORCEMENT COORDINATOR: Taner Hengst, (512) 239-1143; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(36) COMPANY: Owens Corning Insulating Systems, LLC; DOCKET NUMBER: 2025-1923-IWD-E; IDENTIFIER: RN100223585; LOCATION: Waxahachie, Ellis County; TYPE OF FACILITY: wool fiberglass insulation manufacturing plant; PENALTY: \$23,400; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(37) COMPANY: Rock Hill Water Supply Corporation; DOCKET NUMBER: 2025-1889-PWS-E; IDENTIFIER: RN101176337; LOCATION: Beckville, Panola County; TYPE OF FACILITY: public water supply; PENALTY: \$1,437; ENFORCEMENT COORDINATOR: Anjali Talpallikar, (512) 239-2507; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(38) COMPANY: Salt Creek Midstream, LLC; DOCKET NUMBER: 2025-1541-PWS-E; IDENTIFIER: RN111588976; LOCATION: Pecos, Reeves County; TYPE OF FACILITY: public supply; PENALTY: \$5,000; ENFORCEMENT COORDINATOR: Ryan Fukawa, (512) 239-4678; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(39) COMPANY: Seaport Lakes Water System, LLC; DOCKET NUMBER: 2021-0218-MLM-E; IDENTIFIER: RN104394176; LOCATION: Seadrift, Calhoun County; TYPE OF FACILITY: public water supply; PENALTY: \$11,375; ENFORCEMENT COORDINATOR: Savannah Jackson, (512) 239-4306; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(40) COMPANY: Shoreline Plumbing & Construction, Co.; DOCKET NUMBER: 2024-1966-SLG-E; IDENTIFIER: RN104567441; LOCATION: Corpus Christi, Nueces County; TYPE OF FACILITY: sludge transporter business; PENALTY: \$14,062; ENFORCEMENT COORDINATOR: Alejandra Basave, (713) 767-3751; REGIONAL OFFICE: 14250 Judson Road, San Antonio, Texas 78233-4480, REGION 13 - SAN ANTONIO.

(41) COMPANY: Sita Ram, LLC; DOCKET NUMBER: 2024-1317-PST-E; IDENTIFIER: RN101378040; LOCATION: Arlington, Tarrant County; TYPE OF FACILITY: operator; PENALTY: \$2,625; ENFORCEMENT COORDINATOR: Rachel Murray, (903) 535-5149; REGIONAL OFFICE: 2916 Teague Drive, Tyler, Texas 75701-3734, REGION 5 - TYLER.

(42) COMPANY: TEXAS CLEAR CUT LLC; DOCKET NUMBER: 2025-0311-AIR-E; IDENTIFIER: RN112104229; LOCATION: Dorchester, Grayson County; TYPE OF FACILITY: portable rock crusher; PENALTY: \$10,000; ENFORCEMENT COORDINATOR: Kadrienn Woodard, (713) 767-3602; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(43) COMPANY: Texas Department of Criminal Justice; DOCKET NUMBER: 2024-1210-MWD-E; IDENTIFIER: RN100829597; LOCATION: Navasota, Grimes County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$8,925; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: \$7,140; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(44) COMPANY: Texas Girls and Boys Ranch; DOCKET NUMBER: 2025-1299-PWS-E; IDENTIFIER: RN101178218; LOCATION: Lubbock, Lubbock County; TYPE OF FACILITY: public water supply; PENALTY: \$113; ENFORCEMENT COORDINATOR: Kaisie Hub-

schmitt, (512) 239-1482; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(45) COMPANY: Tforce Freight, Inc.; DOCKET NUMBER: 2025-1336-PST-E; IDENTIFIER: RN102480977; LOCATION: Irving, Dallas County; TYPE OF FACILITY: fleet refueling facility; PENALTY: \$5,875; ENFORCEMENT COORDINATOR: Ramya Wendt, (512) 239-2513; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(46) COMPANY: The San Antonio Refinery LLC; DOCKET NUMBER: 2025-1727-AIR-E; IDENTIFIER: RN101485183; LOCATION: San Antonio, Bexar County; TYPE OF FACILITY: petroleum refinery; PENALTY: \$7,905; ENFORCEMENT COORDINATOR: John Burkett, (512) 239-4169; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(47) COMPANY: Thompson Water Company, Inc.; DOCKET NUMBER: 2025-0814-MWD-E; IDENTIFIER: RN102329752; LOCATION: Fairfield, Freestone County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$1,150; ENFORCEMENT COORDINATOR: Cynthia Sioda, (713) 767-3525; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(48) COMPANY: Undine Texas Environmental, LLC; DOCKET NUMBER: 2023-0770-MWD-E; IDENTIFIER: RN101518314; LOCATION: Burleson, Johnson County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: \$8,625; ENFORCEMENT COORDINATOR: Penny Wimberly, (512) 239-0538; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(49) COMPANY: WE Hereford, LLC; DOCKET NUMBER: 2026-0141-AIR-E; IDENTIFIER: RN105440804; LOCATION: Hereford, Deaf Smith County; TYPE OF FACILITY: chemical manufacturing plant; PENALTY: \$3,375; ENFORCEMENT COORDINATOR: Desmond Martin, (512) 239-2814; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(50) COMPANY: Waller 2920 Properties Inc.; DOCKET NUMBER: 2025-1424-PWS-E; IDENTIFIER: RN106224157; LOCATION: Waller, Harris County; TYPE OF FACILITY: public water supply; PENALTY: \$2,300; ENFORCEMENT COORDINATOR: Obianuju Iyasele, (512) 239-5280; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

TRD-202601428

Gitanjali Yadav

Deputy Director, Litigation Division

Texas Commission on Environmental Quality

Filed: March 31, 2026



Enforcement Order

An agreed order was adopted regarding Victoria County Water Control and Improvement District No. 2, Docket No. 2019-0261-MWD-E on April 1, 2026 assessing \$56,400 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Bethany Batchelor, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

A default order was adopted regarding New Subdivisions RTC, LLC, Docket No. 2020-1390-WQ-E on April 1, 2026 assessing \$36,250 in administrative penalties. Information concerning any aspect of this or-

der may be obtained by contacting David Keagle, Staff Attorney at (512) 239 3400, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711 3087.

A default order was adopted regarding David Falconer, Docket No. 2021-0037-MLM-E on April 1, 2026 assessing \$1,469 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Eresha DeSilva, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding PHILLIPS 66 COMPANY, Docket No. 2021-0712-AIR-E on April 1, 2026 assessing \$54,708 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Krystina Sepulveda, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Tonya Pieri, Docket No. 2022-0107-MLM-E on April 1, 2026 assessing \$8,752 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Allison Alt, Staff Attorney at (512) 239-3400, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Arrowhead Ranch Utility Company LLC, Docket No. 2022-0302-MWD-E on April 1, 2026 assessing \$53,643 in administrative penalties with \$10,728 deferred. Information concerning any aspect of this order may be obtained by contacting Harley Hobson, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding ETC Texas Pipeline, Ltd., Docket No. 2022-0961-AIR-E on April 1, 2026 assessing \$29,000 in administrative penalties with \$5,800 deferred. Information concerning any aspect of this order may be obtained by contacting Mackenzie Mehlmann, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Monument Chemical Houston, LLC, Docket No. 2022-1203-IWD-E on April 1, 2026 assessing \$47,587 in administrative penalties with \$9,517 deferred. Information concerning any aspect of this order may be obtained by contacting Monica Larina, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Energy Transfer GC NGL Fractionators LLC, Docket No. 2023-0185-IWD-E on April 1, 2026 assessing \$67,600 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Harley Hobson, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Comanche, Docket No. 2023-0236-MWD-E on April 1, 2026 assessing \$14,500 in administrative penalties with \$2,900 deferred. Information concerning any aspect of this order may be obtained by contacting Samantha Smith, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding NERAL ENTERPRISES, INC. dba Kirby Convenience Store, Docket No. 2023-0655-PST-E on April 1, 2026 assessing \$22,602 in administrative penalties with \$4,520 deferred. Information concerning any aspect of this order may be obtained by contacting Eresha DeSilva, Enforcement Coordinator

at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Veolia ES Technical Solutions, L.L.C., Docket No. 2023-0798-AIR-E on April 1, 2026 assessing \$10,800 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Desmond Martin, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Leander, Docket No. 2023-0868-MWD-E on April 1, 2026 assessing \$23,750 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Penny Wimberly, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Chevron Phillips Chemical Company LP, Docket No. 2023-1137-AIR-E on April 1, 2026 assessing \$184,250 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Yuliya Dunaway, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

A default order was adopted regarding Harry Demo and Junk LLC, Docket No. 2023-1276-IHW-E on April 1, 2026 assessing \$27,671 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Casey Kurnath, Staff Attorney at (512) 239 3400, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding BRAZOS ELECTRIC POWER COOPERATIVE, INC., Docket No. 2023-1316-AIR-E on April 1, 2026 assessing \$53,550 in administrative penalties with \$10,710 deferred. Information concerning any aspect of this order may be obtained by contacting Desmond Martin, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Splendora, Docket No. 2024-0478-MWD-E on April 1, 2026 assessing \$22,500 in administrative penalties with \$4,500 deferred. Information concerning any aspect of this order may be obtained by contacting Samantha Smith, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Dallas, Docket No. 2024-0565-MWD-E on April 1, 2026 assessing \$25,500 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Monica Larina, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Miles, Docket No. 2024-0619-MWD-E on April 1, 2026 assessing \$30,750 in administrative penalties with 6,150 deferred. Information concerning any aspect of this order may be obtained by contacting Harley Hobson, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Huntsville, Docket No. 2024-0718-MWD-E on April 1, 2026 assessing \$41,700 in administrative penalties with \$8,340 deferred. Information concerning any aspect of this order may be obtained by contacting Samantha Smith, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Southland Independent School District, Docket No. 2024-0736-PWS-E on April 1, 2026 assessing

\$42,950 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Tessa Bond, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Enterprise Products Operating LLC, Docket No. 2024-0850-AIR-E on April 1, 2026 assessing \$11,875 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Trenton White, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding North Texas Municipal Water District, Docket No. 2024-0895-MWD-E on April 1, 2026 assessing \$34,000 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Samantha Smith, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Air Liquide Large Industries U.S. LP, Docket No. 2024-1020-AIR-E on April 1, 2026 assessing \$40,950 in administrative penalties with \$8,190 deferred. Information concerning any aspect of this order may be obtained by contacting John Burkett, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding ONEOK Hydrocarbon Southwest, LLC, Docket No. 2024-1050-AIR-E on April 1, 2026 assessing \$23,475 in administrative penalties with \$4,695 deferred. Information concerning any aspect of this order may be obtained by contacting Mackenzie Mehlmann, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Undine Texas Environmental, LLC, Docket No. 2024-1165-MWD-E on April 1, 2026 assessing \$153,300 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Taylor Williamson, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Undine Texas, LLC, Docket No. 2024-1236-PWS-E on April 1, 2026 assessing \$25,200 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Wyatt Throm, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Colt G & P (North Texas) L.P., Docket No. 2024-1661-AIR-E on April 1, 2026 assessing \$15,250 in administrative penalties with \$3,050 deferred. Information concerning any aspect of this order may be obtained by contacting Morgan Kopcho, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding SCI Texas Funeral Services, LLC, Docket No. 2024-1825-AIR-E on April 1, 2026 assessing \$29,687 in administrative penalties with \$5,937 deferred. Information concerning any aspect of this order may be obtained by contacting Yuliya Dunaway, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding STEEL DYNAMICS SOUTHWEST, LLC, Docket No. 2025-0076-IWD-E on April 1, 2026 assessing \$121,600 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Harley Hobson, En-

forcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding North Fork Municipal Utility District Of Williamson County, Docket No. 2025-0082-DIS on April 1, 2026 assessing \$0 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Kayla Murray, Staff Attorney at (512) 239-3400, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding LaPorte Rail and Terminal, LLC, Docket No. 2025-0156-AIR-E on April 1, 2026 assessing \$16,900 in administrative penalties with \$3,380 deferred. Information concerning any aspect of this order may be obtained by contacting Morgan Kopcho, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Young Men's Christian Association of the Greater Houston Area, Docket No. 2025-0207-MWD-E on April 1, 2026 assessing \$17,076 in administrative penalties with \$3,415 deferred. Information concerning any aspect of this order may be obtained by contacting Taylor Williamson, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding RIR VENTURES LLC dba Stuckey's Travel Center, Docket No. 2025-0528-PST-E on April 1, 2026 assessing \$12,614 in administrative penalties with \$2,522 deferred. Information concerning any aspect of this order may be obtained by contacting Stephanie McCurley, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Taoson Group LLC, Docket No. 2025-0546-PWS-E on April 1, 2026 assessing \$3,250 in administrative penalties with \$650 deferred. Information concerning any aspect of this order may be obtained by contacting Katherine McKinney, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding NOROZ ENTERPRISES, INC. dba Step N Go, Docket No. 2025-0629-PST-E on April 1, 2026 assessing \$25,956 in administrative penalties with \$5,191 deferred. Information concerning any aspect of this order may be obtained by contacting Ramya Wendt, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Texas Water Utilities, L.P., Docket No. 2025-0637-PWS-E on April 1, 2026 assessing \$7,500 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Anjali Talpallikar, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Formosa Plastics Corporation, Texas, Docket No. 2025-0772-AIR-E on April 1, 2026 assessing \$13,125 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Rajesh Acharya, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Amy Davidson dba Longhorn Ranch Motel, Inc. and Robert E. Davidson dba Longhorn Ranch Motel, Inc., Docket No. 2025-1001-PWS-E on April 1, 2026 assessing \$14,993 in administrative penalties with \$2,998 deferred. Information concerning any aspect of this order may be obtained by contacting Katherine Argueta, Enforcement Coordinator at (512) 239-2545, Texas

Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding the City of Ackerly, Docket No. 2025-1131-PWS-E on April 1, 2026 assessing \$1,750 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Anjali Talpallikar, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

An agreed order was adopted regarding Galveston County Water Control and Improvement District No. 19, Docket No. 2025-1133-PWS-E on April 1, 2026 assessing \$2,500 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Katherine Argueta, Enforcement Coordinator at (512) 239-2545, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

TRD-202601448

Laurie Gharis

Chief Clerk

Texas Commission on Environmental Quality

Filed: April 1, 2026



Notice of District Petition - D-02052026-011

Notice issued March 26, 2026

TCEQ Internal Control No. D-02052026-011: Kenneth Wayne Browder, Wanda Sue Browder, and Allied Development, LLC, a Wyoming limited liability company (Petitioners) filed a petition for creation of Madelynn Meadows Municipal Utility District No. 1 of Collin County (District) with the Texas Commission on Environmental Quality (TCEQ). The petition was filed pursuant to Article XVI, §59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code; 30 Texas Administrative Code Chapter 293; and the procedural rules of the TCEQ. The petition states that: (1) the Petitioners hold title to a majority in value of the land to be included in the proposed District; (2) there are no lienholders on the property to be included in the proposed District; (3) the proposed District will contain approximately 123.964 acres located within Collin County, Texas; and (4) all of the land within the proposed District lies outside the corporate limits or extraterritorial jurisdiction of any city. The territory to be included in the proposed District is depicted in the vicinity map designated as Exhibit "A" attached to this document. The petition further states the proposed District will: (1) purchase, construct, acquire, maintain, own, operate, repair, improve, and extend a waterworks and sanitary sewer system for residential purposes; (2) construct, acquire, improve, extend, maintain, and operate works, improvements, facilities, plants, equipment, and appliances helpful or necessary to provide more adequate drainage for the proposed District; (3) control, abate, and amend local storm waters or other harmful excesses of waters; and (4) purchase, construct, acquire, improve, maintain, and operate such additional facilities, systems, plants, and enterprises, and road facilities as shall be consistent with all purposes for which the proposed District is created. According to the petition, a preliminary investigation has been made to determine the cost of the project, and it is estimated by the Petitioners that the cost of said project will be approximately \$33,400,000 (\$22,750,000 for water, wastewater, and drainage plus \$10,650,000 for roads).

INFORMATION SECTION

To view the complete issued notice, view the notice on our website at www.tceq.texas.gov/agency/cc/pub_notice.html or call the Office of the Chief Clerk at (512) 239-3300 to obtain a copy of the complete no-

tice. When searching the website, type in the issued date range shown at the top of this document to obtain search results. The TCEQ may grant a contested case hearing on the petition if a written hearing request is filed within 30 days after the newspaper publication of the notice. To request a contested case hearing, you must submit the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) the name of the Petitioner and the TCEQ Internal Control Number; (3) the statement "I/we request a contested case hearing"; (4) a brief description of how you would be affected by the petition in a way not common to the general public; and (5) the location of your property relative to the proposed District's boundaries. You may also submit your proposed adjustments to the petition. Requests for a contested case hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. The Executive Director may approve the petition unless a written request for a contested case hearing is filed within 30 days after the newspaper publication of this notice. If a hearing request is filed, the Executive Director will not approve the petition and will forward the petition and hearing request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting. If a contested case hearing is held, it will be a legal proceeding similar to a civil trial in state district court. Written hearing requests should be submitted to the Office of the Chief Clerk, MC 105, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the Public Interest Counsel, MC 103, at the same address. For additional information, individual members of the general public may contact the Districts Review Team, at (512) 239-4691. Si desea información en español, puede llamar al (512) 239-0200. General information regarding TCEQ can be found at our website at www.tceq.texas.gov.

TRD-202601445

Laurie Gharis

Chief Clerk

Texas Commission on Environmental Quality

Filed: April 1, 2026



Notice of District Petition - D-02102026-013

Notice issued March 26, 2026 TCEQ Internal Control No. D-02102026-013: 582 GC Land LLC, a Texas limited liability company and Caddo Van Alstyne, LLC, a Texas limited liability company (Petitioners) filed a petition for the creation of Van Alstyne 554 Municipal Utility District of Grayson County and Collin County (District) with the Texas Commission on Environmental Quality (TCEQ). The petition was filed pursuant to Article XVI, §59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code; 30 Texas Administrative Code Chapter 293; and the procedural rules of the TCEQ. The petition states that: (1) the Petitioners hold title to a majority of value of the land to be included in the proposed District; (2) there is one lienholder on the property to be included in the proposed District, First United Bank and Trust Company and the aforementioned entity has consented to the petition; (3) the proposed District will contain approximately 554.631 acres located within Grayson County and Collin County, Texas; and (4) all of the land to be included within the proposed District is located entirely outside the extraterritorial jurisdiction of any City or Town. The territory to be included in the proposed District is depicted in the vicinity map designated as Exhibit "A," which is attached to this document. The petition further states that the general nature of the work proposed to be done by the District, as contemplated at the present time, is to purchase, construct, acquire, maintain, own, operate, repair, improve, and extend, inside and outside of its boundary a waterworks and sanitary sewer system for residential and commercial purpose; and

construct, acquire, improve, extend, maintain and operate works, improvements, facilities, plants, equipment, and appliances helpful or necessary to provide more adequate drainage for the District; and to purchase, construct, acquire, improve, maintain, and operate, inside or outside of its boundaries, such additional facilities, systems, plants, and enterprises and road facilities, as shall be consistent with the purposes for which the District is created. According to the petition, a preliminary investigation has been made to determine the cost of the project, and it is estimated by the Petitioners that the cost of said project will be approximately \$109,700,000 (\$67,945,000 for water, wastewater, and drainage plus \$41,755,000 for roads).

INFORMATION SECTION

To view the complete issued notice, view the notice on our website at www.tceq.texas.gov/agency/cc/pub_notice.html or call the Office of the Chief Clerk at (512) 239-3300 to obtain a copy of the complete notice. When searching the website, type in the issued date range shown at the top of this document to obtain search results. The TCEQ may grant a contested case hearing on the petition if a written hearing request is filed within 30 days after the newspaper publication of the notice. To request a contested case hearing, you must submit the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) the name of the Petitioner and the TCEQ Internal Control Number; (3) the statement "I/we request a contested case hearing"; (4) a brief description of how you would be affected by the petition in a way not common to the general public; and (5) the location of your property relative to the proposed District's boundaries. You may also submit your proposed adjustments to the petition. Requests for a contested case hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. The Executive Director may approve the petition unless a written request for a contested case hearing is filed within 30 days after the newspaper publication of this notice. If a hearing request is filed, the Executive Director will not approve the petition and will forward the petition and hearing request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting. If a contested case hearing is held, it will be a legal proceeding similar to a civil trial in state district court. Written hearing requests should be submitted to the Office of the Chief Clerk, MC 105, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the Public Interest Counsel, MC 103, at the same address. For additional information, individual members of the general public may contact the Districts Review Team, at (512) 239-4691. Si desea información en español, puede llamar al (512) 239-0200. General information regarding TCEQ can be found at our website at www.tceq.texas.gov.

TRD-202601446

Laurie Gharis

Chief Clerk

Texas Commission on Environmental Quality

Filed: April 1, 2026



Notice of Opportunity to Comment on Agreed Orders of Administrative Enforcement Actions

The Texas Commission on Environmental Quality (TCEQ or commission) staff is providing an opportunity for written public comment on the listed Agreed Orders (AOs) in accordance with Texas Water Code (TWC), §7.075. TWC, §7.075, requires that before the commission may approve the AOs, the commission shall allow the public an opportunity to submit written comments on the proposed AOs. TWC, §7.075, requires that notice of the opportunity to comment must be published in the *Texas Register* no later than the 30th day before the date

on which the public comment period closes, which in this case is **May 11, 2026**. TWC, §7.075, also requires that the commission promptly consider any written comments received and that the commission may withdraw or withhold approval of an AO if a comment discloses facts or considerations that indicate that consent is inappropriate, improper, inadequate, or inconsistent with the requirements of the statutes and rules within the commission's jurisdiction or the commission's orders and permits issued in accordance with the commission's regulatory authority. Additional notice of changes to a proposed AO is not required to be published if those changes are made in response to written comments.

A physical copy of the proposed AOs are available for public inspection at both the commission's central office, located at 12100 Park 35 Circle, Building A, 3rd Floor, Austin, Texas 78753, (512) 239-3400 and at the applicable regional office listed as follows. Additionally, copies of the proposed AOs can be found online by using either the Chief Clerk's eFiling System at <https://www.tceq.texas.gov/goto/efilings> or the TCEQ Commissioners' Integrated Database at <https://www.tceq.texas.gov/goto/cid>, and searching either of those databases with the proposed AO's identifying information, such as its docket number. Written comments about an AO should be sent to the attorney designated for the AO at the commission's central office at P.O. Box 13087, MC 175, Austin, Texas 78711-3087 and must be **received by 5:00 p.m. on May 11, 2026**. The designated attorneys are available to discuss the AOs and/or the comment procedure at the listed phone numbers; however, TWC, §7.075, provides that comments on an AO shall be submitted to the commission in **writing**.

(1) COMPANY: A & B BUSINESS LLC; DOCKET NUMBER: 2021-0082-PST-E; TCEQ ID NUMBER: RN102269131; LOCATION: 4030 Vance Jackson Road in San Antonio, Bexar County; TYPE OF FACILITY: an underground storage tank system and a convenience store with retail sales of gasoline; PENALTY: \$4,625; STAFF ATTORNEY: David Keagle, Litigation, MC 175, (512) 239-3923; REGIONAL OFFICE: San Antonio Regional Office, 14250 Judson Road, San Antonio, Texas 78233-4480, (210) 490-3096

(2) COMPANY: Kaura, Inc.; DOCKET NUMBER: 2024-0460-PWS-E; TCEQ ID NUMBER: RN102052529; LOCATION: 4727 United States Highway 59 South near Livingston, Polk County; TYPE OF FACILITY: public water supply; PENALTY: \$5,286; STAFF ATTORNEY: Taylor Pearson, Litigation, MC 175, (512) 239-5937; REGIONAL OFFICE: Beaumont Regional Office, 3870 Eastex Freeway, Beaumont, Texas 77703-1830, (409) 898-3838.

(3) COMPANY: Tovia Paul Grynewicz; DOCKET NUMBER: 2025-0445-MSW-E; TCEQ ID NUMBER: RN111954988; LOCATION: 4225 Farm-to-Market Road 603, Lot 134 in Clyde, Callahan County; TYPE OF FACILITY: an unauthorized municipal solid waste disposal site; PENALTY: \$3,937; STAFF ATTORNEY: Marilyn Norrod, Litigation, MC 175, (512) 239-5916; REGIONAL OFFICE: Abilene Regional Office, 1977 Industrial Boulevard, Abilene, Texas 79602-7833, (325) 698-9674.

TRD-202601429

Gitanjali Yadav

Deputy Director, Litigation Division

Texas Commission on Environmental Quality

Filed: March 31, 2026



Notice of Public Meeting Air Quality Permit Number 8252

APPLICATION Huber Carbonates, LLC, has applied to the Texas Commission on Environmental Quality (TCEQ) for an amendment

to and renewal of Air Quality Permit Number 8252, which would authorize modifications to and continued operation of a limestone crushing facility located at 849 South U.S. Highway 281, Marble Falls, Burnet County, Texas 78654. **AVISO DE IDIOMA ALTERNATIVO.** El aviso de idioma alternativo en español está disponible en <https://www.tceq.texas.gov/permitting/air/newsourcereview/air-permits-pendingpermit-apps>. This link to an electronic map of the site or facility's general location is provided as a public courtesy and not part of the application or notice. For exact location, refer to application. <https://gisweb.tceq.texas.gov/LocationMapper/?marker=-98.273192,30.552192&level=13>. The existing facility and/or related facilities will emit the following air contaminants: particulate matter including particulate matter with diameters of 10 microns or less and 2.5 microns or less.

The applications were submitted to the TCEQ on January 24, 2025. The permit renewal will be issued in conjunction with the amendment. This permitting action also includes the incorporation of permits by rule and changes in emission factors related to this permit. The reasons for any changes or incorporations, to the extent they are included in the renewed permit, may include the enhancement of operational control at the plant or enforceability of the permit.

The executive director has determined the applications are administratively complete and will conduct a technical review of the applications.

PUBLIC COMMENT/PUBLIC MEETING. You may submit public comments to the Office of the Chief Clerk at the address below. The TCEQ will consider all public comments in developing a final decision on the application. A public meeting will be held and will consist of two parts, an Informal Discussion Period and a Formal Comment Period. A public meeting is not a contested case hearing under the Administrative Procedure Act. During the Informal Discussion Period, the public will be encouraged to ask questions of the applicant and TCEQ staff concerning the permit application. The comments and questions submitted orally during the Informal Discussion Period will not be considered before a decision is reached on the permit application, and no formal response will be made. Responses will be provided orally during the Informal Discussion Period. During the Formal Comment Period on the permit application, members of the public may state their formal comments orally into the official record. At the conclusion of the comment period, all formal comments will be considered before a decision is reached on the permit application. A written response to all formal comments will be prepared by the executive director and will be sent to each person who submits a formal comment or who requested to be on the mailing list for this permit application and provides a mailing address. Only relevant and material issues raised during the Formal Comment Period can be considered if a contested case hearing is granted on this permit application.

The Public Meeting is to be held:

Thursday, May 7, 2026 at 7:00 p.m.

Marble Falls High School (Max Copeland Gym)

2101 Mustang Drive

Marble Falls, Texas 78654

INFORMATION. Members of the public are encouraged to submit written comments anytime during the public meeting or by mail before the close of the public comment period to the Office of the Chief Clerk, TCEQ, Mail Code MC-105, P.O. Box 13087, Austin, Texas 78711-3087 or electronically at <https://www14.tceq.texas.gov/epic/eComment/>. If you need more information about the permit application or the permitting process, please call the TCEQ Public Education Program, toll free, at (800) 687-4040. General information can be found at our website at

www.tceq.texas.gov. *Si desea información en español, puede llamar al (800) 687-4040.*

INFORMATION AVAILABLE ONLINE. For details about the status of the application, visit the Commissioners' Integrated Database (CID) at www.tceq.texas.gov/goto/cid. Once you have access to the CID using the link, enter the permit number at the top of this form.

The applications will be available for viewing and copying at the TCEQ central office, the TCEQ Austin regional office, and the Marble Falls Library, 101 Main Street, Marble Falls, Burnet County, Texas. The facility's compliance file, if any exists, is available for public review in the Austin regional office of the TCEQ.

Further information may also be obtained from Huber Carbonates, LLC, 90 Avenue North, Marble Falls, Texas 78654-6125 or by calling Mr. Nathan Fisk, EHS&S Manager at (720) 338-7007.

Persons with disabilities who need special accommodations at the meeting should call the Office of the Chief Clerk at (512) 239-3300 or (800) RELAY-TX (TDD) at least five business days prior to the meeting.

Notice Issuance Date: April 1, 2026

TRD-202601449

Laurie Gharis

Chief Clerk

Texas Commission on Environmental Quality

Filed: April 1, 2026



Notice of Public Meeting for TPDES Permit for Industrial Wastewater New Permit No. WQ0005467000

APPLICATION. Bissonnet 136, LLC, 20 Park Road, Suite G, Burlingame, California 94010, which operates Doty Sand Pit Venture, a facility that owns Doty Sand Pit Venture Landfill and Olshan Demolishing Landfill, both of which are closed Type IV construction and demolition debris landfills, has applied to the Texas Commission on Environmental Quality (TCEQ) for a new permit, Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0005467000, which authorizes the discharge of treated landfill leachate, contaminated ground water, and contaminated stormwater at a daily average flow not to exceed 500,000 gallons per day. The TCEQ received this application on October 3, 2024.

The facility is located at 12000 Bissonnet Street, in the City of Houston, Harris County, Texas 77099. This link to an electronic map of the site or facility's general location is provided as a public courtesy and is not part of the application or notice. For the exact location, refer to the application. <https://gisweb.tceq.texas.gov/LocationMapper/?marker=-95.588333,29.683888&level=18>

The effluent is discharged to Harris County Flood Control District (HCFCFD) drainage ditch (D120-00-00), thence to Brays Bayou Above Tidal, thence to Houston Ship Channel/Buffalo Bayou Tidal in Segment No. 1007 of the San Jacinto River Basin. The unclassified receiving water use is limited aquatic life use for HCFCFD drainage ditch (D120-00-00) and Brays Bayou Above Tidal. The designated uses for Segment No. 1007 are navigation and industrial water supply.

In accordance with Title 30 Texas Administrative Code Section 307.5 and TCEQ's *Procedures to Implement the Texas Surface Water Quality Standards* (June 2010), an antidegradation review of the receiving waters was performed. A Tier 1 antidegradation review has preliminarily determined that existing water quality uses will not be impaired by this permit action. Numerical and narrative criteria to protect existing uses will be maintained. A Tier 2 review is not required because no inter-

mediate, high or exceptional aquatic life use water bodies have been identified in the discharge route. Existing uses will be maintained and protected. The preliminary determination can be reexamined and may be modified if new information is received.

The TCEQ Executive Director has completed the technical review of the application and prepared a draft permit. The draft permit, if approved, would establish the conditions under which the facility must operate. The Executive Director has made a preliminary decision that this permit, if issued, meets all statutory and regulatory requirements.

ALTERNATIVE LANGUAGE NOTICE. Alternative language notice in Spanish is available at <https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications>. El aviso de idioma alternativo en español está disponible en <https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications>.

PUBLIC COMMENT / PUBLIC MEETING. A public meeting will be held and will consist of two parts, an Informal Discussion Period and a Formal Comment Period. A public meeting is not a contested case hearing under the Administrative Procedure Act. During the Informal Discussion Period, the public will be encouraged to ask questions of the applicant and TCEQ staff concerning the permit application. The comments and questions submitted orally during the Informal Discussion Period will not be considered before a decision is reached on the permit application and no formal response will be made. Responses will be provided orally during the Informal Discussion Period. During the Formal Comment Period on the permit application, members of the public may state their formal comments orally into the official record. A written response to all timely, relevant and material, or significant comments will be prepared by the Executive Director. All formal comments will be considered before a decision is reached on the permit application. A copy of the written response will be sent to each person who submits a formal comment or who requested to be on the mailing list for this permit application and provides a mailing address. Only relevant and material issues raised during the Formal Comment Period can be considered if a contested case hearing is granted on this permit application.

The Public Meeting is to be held:

Monday, May 18, 2026 at 7:00 p.m.

Houston Marriott Westchase

2900 Briarpark Drive

Houston, Texas 77042

INFORMATION. Members of the public are encouraged to submit written comments anytime during the meeting or by mail before the close of the public comment period to the Office of the Chief Clerk, TCEQ, Mail Code MC-105, P.O. Box 13087, Austin, Texas 78711-3087 or electronically at <https://www.tceq.texas.gov/epic/eComment/>. If you need more information about the permit application or the permitting process, please call the TCEQ Public Education Program, Toll Free, at (800) 687-4040. *Si desea información en español, puede llamar al (800) 687-4040.* General information about the TCEQ can be found at our website at <https://www.tceq.texas.gov>.

The permit application, Executive Director's preliminary decision, and draft permit are available for viewing and copying at Alief-David M. Henington Regional Library, 11903 Bellaire Boulevard, Houston, in Harris County, Texas. The application and associated notices are available electronically at the following webpage: <https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications>

Further information may also be obtained from Bissonnet 136, LLC at the address stated above or by calling Mr. Mike Schultz, P.E., SKA Consulting LP at (713) 266-6056.

Persons with disabilities who need special accommodations at the meeting should call the Office of the Chief Clerk at (512) 239-3300 or (800) RELAY-TX (TDD) at least five business days prior to the meeting.

Issued: April 1, 2026

TRD-202601450

Laurie Gharis

Chief Clerk

Texas Commission on Environmental Quality

Filed: April 1, 2026



Notice of Water Quality Application - WQ0016213001 - Minor Amendment

The following notice was issued on March 25, 2026:

The following notice does not require publication in a newspaper. Written comments or requests for a public meeting may be submitted to the Office of the Chief Clerk, Mail Code 105, P.O. Box 13087, Austin, Texas 78711-3087 WITHIN (30) DAYS FROM THE DATE THIS NOTICE IS ISSUED.

INFORMATION SECTION

Indie Catch, LLC has applied for a minor amendment to the Texas Pollutant Discharge Elimination System Permit No. WQ0016213001, to authorize an increase in daily average flow in the Interim I phase from 75,000 gallons per day to 150,000 gallons per day. The existing permit authorizes the discharge of treated domestic wastewater at a daily average flow not to exceed 975,000 gallons per day. The facility will be located at 7601 County Road 508, in Johnson County, Texas 76009.

TRD-202601444

Laurie Gharis

Chief Clerk

Texas Commission on Environmental Quality

Filed: April 1, 2026



General Land Office

Coastal Boundary Survey - East Bay Galveston Bay - Brown Ranch - Chambers County

Surveying Services

Coastal Boundary Survey

Project: East Bay Galveston Bay - Brown Ranch - Chambers County

Project No: GLO Project No. SL20250042

Project Manager: Dianna Ramirez, Upper Coast Regional Manager, General Land Office

Surveyor: Kyle C. Sunday, Licensed State Land Surveyor

Description: Coastal Boundary Survey dated January 20, 2026, delineating the littoral boundary of East Bay of Galveston Bay adjacent to the H. Starnes Survey, A-225, J.C. Wilcox Survey, A-317, H. Hellmich Survey, A-359, H.T.&B.R.R. Co. Survey, A-158, Beasley Pruitt Survey, A-203, N.M. Aycock Survey, A-32, Thomas Norman Survey, A-200, Joseph Osterman Survey, A-201, W.M. Moore Survey,

A-184, Tilman Fitzgerald Survey, A-97 and A-99, Wm. Moore Sur, A-186, , Chambers County, Texas, in connection with GLO Project No. SL20250042. Centroid coordinates 29.555702°, -94.616407°, WGS84. A copy of the survey is Recorded in Book 4, Page 214, of the County Surveyor's Records and Document No. 2026-221933, of the County Clerk's Records of Chambers County, Texas.

A Coastal Boundary Survey for the above-referenced project has been reviewed and accepted by Surveying Services; upon completion of public notice requirements, the survey will be filed in the Texas General Land Office, Archives and Records, in accordance with provisions of the Tex. Nat. Res. Code §33.136.

by:

Signed: Miguel A. Escobar, Assistant Chief Surveyor

Date: March 19, 2026

Pursuant to Tex. Nat. Res. Code §33.136, the herein described Coastal Boundary Survey is approved by Dawn Buckingham, M.D., Commissioner of the Texas General Land Office.

by:

Signed: Jennifer G. Jones, Chief Clerk and Deputy Land Commissioner

Date: March 30, 2026

Filed as: Chambers County, NRC Article 33.136 Sketch No. 18

Tex. Nat. Res. Code §33.136

TRD-202601401

Jennifer Jones

Chief Clerk and Deputy Land Commissioner

General Land Office

Filed: March 30, 2026



Notice and Opportunity to Comment on Requests for Consistency Agreement/Concurrence Under the Texas Coastal Management Program

On January 10, 1997, the State of Texas received federal approval of the Coastal Management Program (CMP) (62 *Federal Register* pp. 1439 - 1440). Under federal law, federal agency activities and actions affecting the Texas coastal zone must be consistent with the CMP goals and policies identified in 31 TAC Chapter 26. Requests for federal consistency review were deemed administratively complete for the following project(s) during the period of March 16, 2026 to March 27, 2026. As required by federal law, the public is given an opportunity to comment on the consistency of proposed activities in the coastal zone undertaken or authorized by federal agencies. Pursuant to 31 TAC §§30.20(f), 30.30(h), and 30.40(e), the public comment period extends 30 days from the date published on the Texas General Land Office web site. The notice was published on the web site on Friday, April 3, 2026. The public comment period for this project will close at 5:00 p.m. on Sunday, May 3, 2026.

Federal License and Permit Activities:

Applicant: City of Port Lavaca

Location: The project would affect waters of the United States and navigable waters of the United States associated with Lavaca Bay and is located along the Harbor of Refuge peninsula and southern shoreline, Port Lavaca, Calhoun County, Texas.

Latitude and Longitude: 28.5918092, -96.6144723

Project Description: To provide shoreline protection to the Harbor of Refuge in Port Lavaca that reduces wave energy and enhance aquatic resources. The applicant requests authorization to construct a living shoreline consisting of six rock breakwater units, a reef breakwater, a concrete block mattress (ACBM) slope protection, and two beneficial use creation areas.

The six rock breakwaters total footprint will be 4,840-foot-long by 43-foot-wide at the ends and requires 23,100 cubic yards (CY) of rock stone material to be discharged into 4.4 acres nearshore along the Harbor of Refuge shoreline. The rock breakwaters will be constructed from the water via the temporary access channel. Ten aids to navigation will also be installed 20 feet seaward from the breakwaters and in 500-foot spacing.

Marine access for construction of the rock and reef breakwaters requires mechanically dredging approximately 76,800 CY and temporarily placing into 23.4-acre footprint below the high tide line (HTL) seaward of the temporary access channel. The 16.7-acre temporary access channel width will range from 55 feet to 165 feet along the seaward length of the rock breakwaters at a depth of -5 NAVD88. After project completion, the dredged material will be returned to its original location.

The reef breakwater will be 640-foot-long by 16-foot-wide at the ends and requires 640 CY of bedding stone, and geotextile material to be discharged into 0.2 acres below HTL. The reef breakwater will be located along the southern entrance of Harbor of Refuge.

The ACBM slope protection will be 3,300-foot-long by 34-foot-wide and requires 410 CY of concrete and geotextile material to be discharged into 0.2 acres below. The ACBM will be located immediately adjacent to the reef breakwater.

The two beneficial use (BU) creation areas will be located along the north and south shoreline near the entrance of Harbor of Refuge. The northern BU creation area will require 43,900 CY of dredged material to be discharged into an 8.9-acre footprint and the southern BU creation will require 42,900 CY of dredged material into a 10-acre footprint. The BU dredged material will come from other projects outside of the scope of this proposed project.

The applicant has provided the following explanation why compensatory mitigation should not be required: No compensatory mitigation is proposed due to all permanent impacts to special aquatic sites have been avoided through design modifications and buffer zones.

Type of Application: U.S. Army Corps of Engineers permit application # SWG-2025-00420. This application will be reviewed pursuant Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act. Note: The consistency review for this project may be conducted by Texas Commission on Environmental Quality as part of its certification under §401 of the Clean Water Act.

CMP Project No: 26-1100-F1

Applicant: Jefferson Terminal South LLC

Location: The project would affect waters of the United States and navigable waters of the United States associated with Neches River and is located in the Neches River between Channel Markers 630+00 and 640+00 approximately 0.88-mile northeast of the intersection of North Twin City Highway and DuPont Road, Nederland, Jefferson County, Texas.

Latitude and Longitude: 30.0231081, -94.0304751

Project Description: The purpose of the proposed development is to construct two new bulk liquids dock terminals to expand on existing industrial infrastructure and facilitate the safe handling and transporta-

tion of bulk liquid cargoes. Dock 3 would be capable of transferring bulk liquid products to vessels of up to Suezmax size (950-foot by 165-foot). Dock 2 would be capable of transferring bulk liquid products to vessels of up to Panamax size (607-foot by 106-foot). The dock platforms would be sized to accommodate multiple product lines ranging from 12 to 24 inches to allow a flow rate of 20,000 barrels per hour.

The applicant requests authorization to permanently discharge fill material into 8.7 acres of palustrine emergent wetlands (PEM) and 3.37 acres of palustrine forested wetlands (PFO) to construct 2 new ship docks at their facility on the Neches River in Nederland, Texas. Dock 2 will consist of a 140-foot by 87-foot platform, an 18-foot-wide by 150-foot-long approachway, 23-foot-wide steel beam pile supported pipe racks, 6 breasting dolphins, and 3 barge monopiles. Approximately 398 cubic yards (CY) of concrete block material will be placed below the high tide line (HTL) of the Neches River along 175 linear feet of shoreline for concrete revetment. Dock 3 will consist of a 140-foot by 87-foot platform, an 18-foot-wide by 200-foot-long approachway, 44-foot-wide steel beam pile supported pipe racks, 6 breasting dolphins, 6 mooring dolphins, 4 barge monopiles, and a spill boom containment reel. Approximately 500 CY of concrete block material will be placed below the HTL of the Neches River along 1,650 linear feet of shoreline for concrete revetment. Approximately 1,162,127 CY of material will be dredged and/or excavated from the Neches River to reach a maximum depth of -50 feet mean lower low water (MLLW) at the dock berths. Dredge material will be placed into Dredge Material Placement Areas 5, 8, 9, 11, 12, 13, 14, 17, 18, 22, 23, 24, 25, or 26, as well as the Lower Neches Wildlife Management Area Nelda Stark Beneficial Use Site, permitted by Texas Parks and Wildlife SWG-2016-00565. The applicant also requests 10 years of maintenance dredging within all dredge areas authorized by Department of the Army Permit SWG-1998-01785.

The applicant offered the following compensatory mitigation plan to offset unavoidable functional loss to the aquatic environment: The applicant proposes to offset permanent impacts to 8.7 acres of PEM wetlands and 3.37 acres of PFO wetlands through the purchase of appropriate wetland mitigation credits from the Pineywoods Mitigation Bank (PMB). The project site and impacted wetlands are located within the secondary service area of the PMB and a 1.5x multiplier would be applied to the number of credits to be purchased. As such, the applicant is proposing to purchase a total of 0.21 Physical functional capacity units (FCUs), 1.8 Biological FCUs, and 2.09 Chemical FCUs for impacts to PFO wetlands, while 1.36 Physical FCUs, 4.9 Biological FCUs, and 5.63 FCUs would be purchased for impacts to PEM wetlands.

Type of Application: U.S. Army Corps of Engineers permit application # SWG-1998-01785. This application will be reviewed pursuant Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act. Note: The consistency review for this project may be conducted by Texas Commission on Environmental Quality as part of its certification under §401 of the Clean Water Act.

CMP Project No: 26-1105-F1

Applicant: Port of Corpus Christi

Location: The project would affect waters of the United States and navigable waters of the United States associated with the Corpus Christi Ship Channel (CCSC) and is located at the Southside Marine Center (SMC) at 1741 Navigation Boulevard, Corpus Christi, Nueces County, Texas.

Latitude and Longitude: 27.817222, -97.453611

Project Description: The applicant requests authorization to modify the existing permit to support expanded emergency response capabilities at the SMC. The proposed activities include dredging, installa-

tion of new in-water structures, placement of fill, shoreline protection, and associated site improvements. All work would occur within the developed waterfront footprint along the CCSC but would expand the previously permitted dredge template. The installation of the proposed shoreline protection would result in approximately 0.06-acre of fill of unvegetated shoreline below the High Tide Line (HTL). The proposed new dredging would permanently impact 0.22-acre of unvegetated channel bottom outside of the authorized 3.2 acres area of impact.

The new dredging work would be conducted within an approximately 1.06-acre dredge template, of which approximately 0.22-acre extends beyond the limits of the existing dredge template. The 0.22-acre dredge template expansion would primarily consist of a 2.5H:1V slope into the slip basin. The channel bottom elevations average approximately -10.5 feet mean lower low water (MLLW) and a uniform dredge template to -14.0 feet MLLW +2 feet of allowable overdepth (-18.0 feet MLLW) with 2.5H:1V side slopes. The estimated dredge volume is approximately 1,900 cubic yards (CY) for the expanded template. Dredging would be conducted using hydraulic, mechanical, and/or silt-blading methodologies, with material placed at existing Dredge Material Placement Areas (DMPAs) and/or Beneficial Use Sites (BUSs). A smaller amount of dredged material may be placed in upland areas within the SMC site. Work may occur from land or barge-mounted equipment. Turbidity and erosion controls would be implemented during landside and waterside work. Maintenance dredging is currently authorized through December 31, 2030. This activity would be conducted using hydraulic, mechanical, and/or silt-blading methods, with dredged material placed in one or more identified DMPAs and/or BUSs. Changes to the existing permitted maintenance dredging is for the inclusion of the silt-blading methodology and the additional placement areas.

The project includes construction of a 157-foot by 32-foot reinforced boat slip and associated perimeter bulkhead to support vessel mooring and shoreline stability. The boat slip would be oriented north-west-southeast, allowing vessels to launch to the northwest and return to the ramp heading southeast. Dredging for the proposed boat slip falls within the dredging impacts as described above and within uplands. A new 330-linear-foot (LF) steel sheet pile bulkhead would be installed around the perimeter of the boat slip to stabilize the shoreline. The bulkhead alignment would connect to shoreline infrastructure and would be designed to achieve proper tie-in elevations, support navigational safety, and accommodate required scour protection.

Shoreline protection would consist of riprap or articulated concrete block (ACB) revetment placed along approximately 215 LF of shoreline adjacent to and south of the boat slip. The concrete material would be installed over a prepared and graded slope of approximately 2.5H:1V at an approximate thickness of 1.5 to 2 feet, resulting in the placement of approximately 404 CY of concrete material below the HTL. The riprap design features an upper anchor trench and a lower toe trench to secure the armor layer and prevent displacement due to wave action or scour. The ACB revetment system features an upland anchor trench to lock the upper edge of the articulating concrete block mattress in place. Both structures would be placed along the shoreline beginning at an elevation of approximately +8.0 feet MLLW and terminating no lower than -6.0 feet MLLW. The placement of the proposed 215 LF of shoreline protection structure would be in addition to the currently authorized 322 LF of riprap that is proposed to span from the eastern side of the boat ramp to the floating dock gangway access ramp. The proposed riprap would be placed at elevations between +5.0 feet MLLW and -2.0 feet MLLW, occupying a total of 0.06 acre below the HTL. The project would remove existing shoreline material. As part of the currently authorized shoreline stabilization work, approximately 0.083 acres of live oyster reef would be relocated. No new impacts on oysters are associated with this authorization request.

The applicant has provided the following explanation why compensatory mitigation should not be required: Compensatory mitigation is not proposed due to the disturbed nature of the area of impact and low quality of potential habitat.

Type of Application: U.S. Army Corps of Engineers permit application # SWG-2008-00486. This application will be reviewed pursuant Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act. Note: The consistency review for this project may be conducted by Texas Commission on Environmental Quality as part of its certification under §401 of the Clean Water Act.

CMP Project No: 26-1111-F1

Applicant: Kinder Morgan

Location: The project would affect waters of the United States and navigable waters of the United States associated with the Sabine River. The project site is located underneath the Sabine River and throughout various wetlands, directly adjacent to the existing Golden Pass Export Facility, in Port Arthur, Jefferson County, Texas.

Latitude and Longitude: 29.756627, -93.921102

Project Description: The overall project purpose is to construct a natural gas pipeline from Jefferson County, Texas to Cameron Parish, Louisiana to better supply the new growth demand in the southwest Louisiana Liquid Natural Gas Corridor. The applicant requests authorization to horizontally directionally drill underneath the Sabine-Neches waterway approximately 5,243 linear feet shoreline to shoreline. The project will also permanently impact 1.902 acres of estuarine scrub-shrub, 1.25 acres of palustrine emergent, and 0.049 acres of palustrine scrub-shrub. Various temporary impacts to different wetland types are also listed for the project. The project will install approximately 3.05 miles of a 48-inch-diameter natural gas pipeline from Jefferson County, Texas to Cameron Parish, Louisiana. The remainder of the pipeline outside of the Sabine-Neches crossing (approximately 2.07 miles) will be installed via conventional trenching. Additionally, the project will construct an approximately 120' x 200' TAP Launcher Facility, including a new permanent access road and associated piping to clean and inspect the new pipeline. Finally, an approximately 540 feet of 42-inch-diameter pipe will be installed to connect the new facility to existing/previously permitted by others' infrastructure and 70 feet of 42-inch-diameter pipe for connection of gas supply. Two laydown yards will be used to store equipment and materials.

The applicant offered the following compensatory mitigation plan to offset unavoidable functional loss to the aquatic environment: The applicant has proposed to purchase mitigation credits from either the Anahuac Wetlands mitigation bank or the Sea Breeze mitigation bank.

Type of Application: U.S. Army Corps of Engineers permit application # S. This application will be reviewed pursuant Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act. Note: The consistency review for this project may be conducted by The Railroad Commission of Texas as part of its certification under §401 of the Clean Water Act. The U.S. Army Corps of Engineers Galveston District has found that this permit request meets the terms of Executive Order 14156 and is therefore subject to special emergency permitting procedures and an expedited review process.

CMP Project No: 26-1114-F1e

Further information on the applications listed above, including a copy of the consistency certifications or consistency determinations for inspection, may be obtained from the Texas General Land Office Public Information Officer at 1700 N. Congress Avenue, Austin, Texas 78701, or via email at pialegal@glo.texas.gov. Comments should be sent to the

Texas General Land Office Coastal Management Program Coordinator at the above address or via email at federal.consistency@glo.texas.gov.

TRD-202601435

Jennifer Jones

Chief Clerk and Deputy Land Commissioner

General Land Office

Filed: March 31, 2026

Texas Health and Human Services Commission

Correction of Error

The Health and Human Services Commission adopted amendments to 26 TAC §§300.100 - 300.103, 300.201 - 300.203, 300.301 - 300.303, 300.402 - 300.404, 300.501, 300.502, 300.601 - 300.606; and new §§300.204 - 300.208, 300.405 - 300.407, 300.701, and 300.702 in the March 20, 2026, issue of the *Texas Register* (51 TexReg 1859). Due to an error by the Texas Register there is missing language in a response to a comment included in the preamble of the rulemaking.

The comment and response should read as follows:

Comment: Multiple commenters stated rules should follow only food Good Manufacturing Practices (GMPs).

Response: DSHS does not agree and declines to revise the rule in response to this comment. HB 1325 provides that a consumable hemp products means food, a drug, a device, or a cosmetic that contains hemp or one or more hemp-derived cannabinoids. Food, drug, device, and cosmetic are defined by HSC §431.002 and have their own regulations.

TRD-202601424

Correction of Error

The Health and Human Services Commission proposed amendments to 26 TAC §745.115 and §745.273 in the March 27, 2026, issue of the *Texas Register* (51 TexReg 2006). Due to an error by the Texas Register, several items in the proposal were published incorrectly.

The statutory authority and cross references to statute information for both rules should read as follows:

In addition, the amendments are authorized by Texas Human Resources Code §42.042, which requires the executive commissioner to adopt rules to carry out provisions related to regulatory exemptions and public hearing requirements. The amendments affect Texas Government Code §524.0151 and Texas Human Resources Code §42.0461 and §42.041.

Implied subsection (a) of 26 TAC §745.115 should read as follows:

The following programs and facilities regulated by other governmental entities are exempt from Child Care Regulation (CCR). [~~our regulation~~]

Additionally, the amendment for 26 TAC §745.273 was published with an incorrect rule number listed. The rule number was incorrectly shown as 26 TAC §749.273 at the beginning of the proposed amendment. The correct text should be shown as follows:

26 TAC §745.273

TRD-202601425

Public Notice

The Texas Health and Human Services Commission (HHSC) is submitting a request to the Centers for Medicare & Medicaid Services (CMS) to amend the waiver application for the Community Living Assistance and Support Services (CLASS) waiver program authorized under §1915(c) of the Social Security Act. CMS has approved the CLASS waiver application through August 31, 2029. The proposed effective date for this amendment is September 1, 2026.

The amendment request proposes to make changes to Appendix C, E, and I of the waiver application to update Texas Administrative Code (TAC) references and clarify language throughout to align with existing TAC. Additional changes were made to the formal monitoring frequency for CLASS program providers and financial management services agencies (FMSAs) following a determination of acceptable compliance during an intermittent monitoring review. HHSC updated performance measure language to align with the updated monitoring frequency.

The request also proposes to amend Appendix I of the waiver application to clarify existing Electronic Visit Verification (EVV) policies and update language to match other waivers.

Appendix C

HHSC added the following language regarding intermittent monitoring reviews for services provided by CLASS providers (except for prescribed drugs) in the Frequency of Verification section of Appendix C:

"If the provider achieves an acceptable level of compliance during the intermittent monitoring, contracts staff will conduct the next formal monitoring within two years."

HHSC added the following language regarding FMSA intermittent monitoring for the following services delivered through the Consumer Directed Services Option: Respite, and Support Consultation in the Frequency of Verification section of Appendix C:

"If the FMSA achieves an acceptable level of compliance during the intermittent monitoring, contracts staff will conduct the next formal monitoring within three years".

HHSC updated the provider qualifications and Abuse Neglect and Exploitation reporting requirements in the Case Management service to align with TAC including the reference to the Department of Family and Protective Services website by removing that and updating it with the HHSC Online Texas Unified Licensure Information Portal.

In the respite service, HHSC clarified that the service cannot be provided at the same time as supported employment, employment assistance, and prevocational services to align with existing policies and the other service limitations.

In the prevocational service "limits on the amount, frequency, or duration" section, HHSC added "nursing" to the list of services that cannot be provided at the same time to align with policy. HHSC also clarified the service provider qualifications by adding "or guardian."

HHSC added clarifying language for provider qualifications in the residential habilitation service to align with existing Texas Administrative Code. HHSC clarified that the service provider can be a relative or guardian (instead of family member) if they are not the individual's spouse or the parent of an individual that is a minor child.

HHSC as applicable, in the respite service, HHSC replaced the term "HHSC" with "contracts staff" and replaced "family member" with "relative or guardian" to align with policy. HHSC also updated language to read "contracts staff conduct formal monitoring of" instead of "HHSC monitors."

HHSC added an additional "individual activity" in the behavioral support service definition to align with policy by adding a number four,

"Collaborating with the person, Legally Authorized Representative (LAR), primary caregiver, or service provider to transition the services to a non-therapist, changing the role of the therapist to a supervisory role".

HHSC added clarifying language to the dietary service definition to align with policy regarding training and consulting with individual, family member or other people involved in their care and to include time spent collaborating with the person, LAR or primary caregiver or service provider to transition to a non-therapist.

HHSC added "nursing" to the list of services that cannot be provided at the same time as employment assistance to align with policy.

HHSC as applicable, updated the term "monitoring reviews" to "formal monitoring reviews". HHSC as applicable, replaced "Adverse Action Review Committee" with "contract manager".

Appendix E

HHSC added language in Oversight of FMS Entities section stating "Financial management services agencies may have up to 5 different CDS program contract types. CDS CLASS may not be pulled into the sample; therefore, a financial management services agency legal entity is monitored according to the frequency methodology but not each CDS CLASS contract is monitored."

Appendix I

HHSC as applicable, added language to clarify the frequency of "formal" and "intermittent" monitoring reviews for CLASS providers and FMSAs.

HHSC clarified language related to electronic visit verification (EVV) in I-1 "Financial Integrity" section to align with policy. HHSC replaced "EVV services" with "HCBS services requiring EVV", and "capture with "must electronically record".

HHSC as applicable, removed the term "on site" and replaced it with "monitoring" reviews.

Performance Measures

For performance measure C.a.2, C.a.3, C.b.4, C.c.1, and C.c.3, HHSC updated the sampling approach language for the boxed checked "other". The updated language reads as:

"Providers are selected for monitoring based on the contract execution date, exit date and compliance score of previous formal or intermittent monitoring, and expenditures".

For performance measure C.b.1, HHSC added at the end of the denominator "reviewed." so the denominator reads as, "Number of newly enrolled financial management services agencies reviewed."

For performance measure C.b.2, and I.a.2 HHSC updated the sampling approach language for the boxed checked "other". The updated language reads as:

"A max sample of 30 FMSA legal entities are selected for monitoring based on contract execution date, exit date and compliance score of previous formal/intermittent monitoring, and expenditures."

For performance measure C.c.2, HHSC updated the sampling approach from "100 percent Review" and checked the box in "other" and added the following language:

"A max sample of 30 FMSA legal entities are selected for monitoring based on contract execution date, exit date and compliance score of previous formal/intermittent monitoring, and expenditures."

Appendix Miscellaneous

HHSC updated references to the TAC changing references from Title 40 to Title 26 throughout the appendices. Rules of the former Department of Aging and Disability Services (DADS), which were in Title 40, have been transferred to Title 26.

HHSC, as applicable, replaced "term" with "execution".

CLASS Program Overview

The CLASS waiver program provides community-based services and supports to individuals with a related condition who live in their own homes or in the home of another person, such as a family member. Services and supports are intended to enhance quality of life, functional independence, health and welfare, and to supplement, rather than replace, existing informal or formal supports and resources.

Services in the CLASS waiver program are case management, pre-vocational services, residential habilitation, respite (in-home and out of home), supported employment, prescribed drugs, financial management services, support consultation, adaptive aids, auditory integration training/auditory enhancement training, behavioral support, cognitive rehabilitation therapy, continued family services, dental treatment, dietary, employment assistance, minor home modifications, nursing, occupational therapy services, physical therapy services, specialized therapies, speech and language pathology, support family services and transition assistance services.

To obtain a free copy of the proposed waiver amendment, ask questions, obtain additional information, or submit comments about the amendment, please contact Basundhara Raychaudhuri by U.S. mail, telephone, fax, or email at the addresses and numbers below. A copy of the proposed waiver amendment may also be obtained online on the HHSC website at:

<https://www.hhs.texas.gov/laws-regulations/policies-rules/waivers>

Comments about the proposed waiver amendment must be submitted to HHSC by May 11, 2026.

The HHSC Access and Eligibility Services for local benefit offices will post this notice for 30 days and will have copies of the amendment available for review.

Addresses:

U.S. Mail

Texas Health and Human Services Commission

Attention: Basundhara Raychaudhuri, Waiver Coordinator, Federal Coordination, Rules and Committees

701 West 51st Street, Mail Code H-310

Austin, Texas 78751

Telephone

(512) 438-4403

Fax

Attention: Basundhara Raychaudhuri, Waiver Coordinator at (512) 323-1905

Email

TX_Medicaid_Waivers@hhs.texas.gov

TRD-202601434

Karen Ray

Chief Counsel

Texas Health and Human Services Commission

Filed: March 31, 2026

Public Notice

The Texas Health and Human Services Commission (HHSC) is submitting a request to the Centers for Medicare & Medicaid Services (CMS) to amend the waiver application for the Home and Community-based Services (HCS) waiver program authorized under §1915(c) of the Social Security Act. CMS has approved the HCS waiver application through August 31, 2028. The proposed effective date for this amendment is September 1, 2026.

The amendment proposes changes to Appendices C, E, and I of the waiver application to update Texas Administrative Code (TAC) references and update the formal monitoring frequency for financial management service agencies (FMSA) following a determination of acceptable compliance during an intermittent monitoring review. HHSC updated performance measure language in Appendix C to align with the updated monitoring frequency.

The request also proposes to amend Appendix I of the waiver application to clarify existing Electronic Visit Verification (EVV) policies and update language to match other waivers.

Appendix C

HHSC, as applicable, updated the term "reviews" to "formal monitoring reviews".

HHSC also updated "on site and desk reviews" to "reviews".

HHSC added the following language regarding FMSA monitoring for the following services that are available through the consumer directed services (CDS) option: Respite, Support Consultation, Cognitive Rehabilitation Therapy, Financial Management Services, Supported Employment, Employment Assistance, Nursing, and Supported Home Living in the Frequency of Verification section of Appendix C:

"HHSC verifies provider qualifications were met prior to service delivery during formal monitoring reviews, completed every three years at a minimum.

Each new financial management services agency that must be monitored according to HHSC policy, is monitored within the first 15 months of contract execution. Thereafter, contracts staff conduct formal monitoring of financial management services agencies at least every three years. Financial management services agencies are monitored more frequently if a need is indicated or if there is a complaint filed against the financial management services agency. As a result of reviews, contracts staff will recoup the financial management services agency monthly fees for service providers who were unqualified at the time they provided the service. Findings from monitoring reviews and complaint investigations may result in a corrective action plan and may go to the contract manager to determine whether actions should be taken against the financial management services agency, including referral hold, vendor hold, and involuntary contract termination.

Contracts staff must conduct intermittent monitoring for financial management services agencies that do not meet an acceptable compliance level during formal monitoring reviews. If the FMSA achieves an acceptable level of compliance during the intermittent monitoring, contracts staff will conduct the next formal monitoring within three years. Contracts staff respond to complaints received against a financial management services agency for failure to maintain provider qualifications. HHSC levies appropriate provider agreement actions and sanctions for failure to follow the provider agreement requirements based on the results of the monitoring activity."

In the Verification of Provider Qualifications, Frequency of Verification section of appendix C, HHSC added the following language for Em-

ployment Readiness and Supported Home Living for the consumer directed services (CDS) option to align with current TAC, "An individual employer and financial management services agency are both required by 26 TAC Chapter 264 CDS Option to verify that a service provider meets the qualifications required by the individual's program rules before being hired. A financial management services agency is required to obtain and retain documentation on file that a service provider continues to meet the qualifications required by the individual's program rules, policies, and manuals, and other state and federal regulations."

Appendix E

HHSC added language in the Oversight of FMS Entities section stating, "Financial management services agencies may have up to 5 different CDS program contract types. CDS HCS may not be pulled into the sample; therefore, a financial management services agency legal entity is monitored according to the frequency methodology but not each CDS HCS contract is monitored."

Appendix I

HHSC updated existing language regarding EVV requirements. HHSC added the following language that clarifies the EVV policies,

"In the HCS program, Personal Care Services requiring EVV are in-home individualized skills and socialization, in-home respite, supported home living - transportation and supported employment. Home Health Care Services requiring EVV in the HCS program, for a member who does not receive Residential Assistance (Host Home/Companion Care, Supervised Living, Residential Support Services), are any nursing service, occupational therapy and physical therapy service, when provided in the individual's residence.

A service provider or consumer directed services (CDS) employee must use an HHSC-approved clock in and clock out method to begin and end service delivery when providing HCBS services requiring EVV to an individual in the home or the community.

Three clock in and clock out methods are approved by HHSC: the Mobile Method, the Home Phone Landline method and the Alternative Device method. All clock in and clock out methods electronically record the type of service provided, the name of the individual to whom the service is provided, the date and times the provider began and ended the service delivery visit, the location, including the address, where the service is provided and the name of the person who provided the service. If a service provider or CDS employee fails to clock in or out of the EVV system or an HHSC-approved clock in or clock out method is not available, a program provider, FMSA, or CDS employer must manually enter an EVV visit into the EVV system."

HHSC updated the term "are monitored" to "receive a formal monitoring".

Performance Measures

HHSC revised performance measure C.b.2 to add the term "fiscal" to clarify the measure includes contract and fiscal monitoring instead of just "contract monitoring." HHSC revised the numerator to add the term "fiscal" to "contract monitoring." HHSC also removed the word "continually" from the measure. HHSC also revised the denominator to remove "using the CDS Program Tool".

The revised measure reads as, "C.b.2 Number and percent of monitored FMSA contracts that met contract and fiscal monitoring requirements, evidenced by an overall compliance score of at least 90%. N: Number of monitored FMSA contracts that met contract and fiscal monitoring requirements, evidenced by an overall compliance score of at least 90%. D: Number of FMSA contracts monitored." HHSC further revised the sampling approach to use term "execution date" and "exit date" instead of "effective" and "formal or intermittent monitoring" in-

stead of "formal monitoring." HHSC also clarified that the maximum sample is 30 per FMSA legal entity.

HHSC removed performance measure C.b.3., "Number and percent of monitored FMSA contracts that continually met fiscal monitoring requirements, evidenced by an overall compliance score of at least 90%. N: Number of monitored FMSA contracts that continually met fiscal monitoring requirements, evidenced by an overall compliance score of at least 90%. D: Number of FMSA contracts monitored using the CDS-Tax Tool." This measure was removed since the monitoring will now be combined and C.b.2 was updated in this amendment to include the fiscal monitoring component.

HHSC replaced performance measure C.c.1 to "C.c.1 Number and percent of monitored financial management services agencies that completed all required training in accordance with the approved waiver. N: Number of financial management services agencies that completed all required training in accordance with the approved waiver. D: Number of financial management services agencies requiring training." instead of "Number and percent of newly enrolled providers meeting initial provider training requirements according to the approved waiver. N: Number of newly enrolled providers meeting initial provider training requirements according to the approved waiver. D: Number of newly enrolled providers that required initial training."

The sampling approach was revised to "Less than 100% Review" instead of "100% Review." HHSC added the following language under Other in Sampling Approach, "A max sample of 30 FMSA legal entities are selected for monitoring based on contract execution date, exit date and compliance score of previous formal/intermittent monitoring, and expenditures."

HHSC removed performance measure C.c.2, "Number and percent of newly enrolled FMSAs that attended all initial required training in accordance with the approved waiver. N: Number of newly enrolled FMSAs that attended all initial required training in accordance with the approved waiver. D: Number of newly enrolled FMSAs requiring initial training."

In Appendix C HHSC updated language in the Methods for Remediation section regarding the FMSA. HHSC updated the language "not have met" with "be out of substantial compliance with the". HHSC updated the term "Adverse Action Review Committee" to "contract manager". HHSC also updated "an Access database" with "The System of Contract Operation and Reporting".

In Appendix C Methods for Remediation section HHSC updated the actions that the contract managers may take.

HCS Program Overview

The HCS waiver provides services and supports to individuals with intellectual disabilities who live in their own homes, in the home of a family member, or another community setting such as a three-person or four-person residence operated by an HCS program provider. Services and supports are intended to enhance quality of life, functional independence, and health and well-being in continued community-based living and to supplement, rather than replace, existing informal or formal supports and resources.

Current services in the HCS waiver include individualized skills and socialization, respite, employment readiness, supported employment, adaptive aids, audiology, occupational therapy, physical therapy, prescribed drugs, speech and language pathology, financial management services, support consultation, behavioral support, cognitive rehabilitation therapy, dental treatment, dietary services, employment assistance, minor home modifications, nursing, residential assistance, social work, supported home living, and transition assistance services.

To obtain a free copy of the proposed waiver amendment, ask questions, obtain additional information, or submit comments about the amendment, please contact Julyya Alvarez by U.S. mail, telephone, fax, or email at the addresses and numbers below. A copy of the proposed waiver amendment may also be obtained online on the HHSC website at:

<https://www.hhs.texas.gov/laws-regulations/policies-rules/waivers>

Comments about the proposed waiver amendment must be submitted to HHSC by May 11, 2026.

The Access and Eligibility Services for local benefit offices will post this notice for 30 days and will have copies of the amendment available for review.

Addresses:

U.S. Mail

Texas Health and Human Services Commission

Attention: Julyya Alvarez, Waiver Coordinator, Federal Coordination, Rules and Committees

701 West 51st Street, Mail Code H-310

Austin, Texas 78751

Telephone

(512) 438-4330

Fax

Attention: Julyya Alvarez, Waiver Coordinator at (512) 323-1905

Email

TX_Medicaid_Waivers@hhs.texas.gov

TRD-202601436

Karen Ray

Chief Counsel

Texas Health and Human Services Commission

Filed: March 31, 2026



Texas Department of Licensing and Regulation

Scratch Ticket Game Number 2765 "LOTERIA AZUL"

1.0 Name and Style of Scratch Ticket Game.

A. The name of Scratch Ticket Game No. 2765 is "LOTERIA AZUL". The play style is "row/column/diagonal".

1.1 Price of Scratch Ticket Game.

A. The price for Scratch Ticket Game No. 2765 shall be \$5.00 per Scratch Ticket.

1.2 Definitions in Scratch Ticket Game No. 2765.

A. Display Printing - That area of the Scratch Ticket outside of the area where the overprint and Play Symbols appear.

B. Latex Overprint - The removable scratch-off covering over the Play Symbols on the front of the Scratch Ticket.

C. Play Symbol - The printed data under the latex on the front of the Scratch Ticket that is used to determine eligibility for a prize. Each Play Symbol is printed in Symbol font in black ink in positive except for dual-image games. The possible black Play Symbols are: ARMADILLO SYMBOL, BAT SYMBOL, BLUEBONNET SYMBOL, BOAR SYMBOL, CACTUS SYMBOL, CHERRIES SYMBOL, CHILE PEPPER SYMBOL, CORN SYMBOL, COVERED WAGON SYMBOL, COWBOY HAT SYMBOL, COWBOY SYMBOL, FIRE SYMBOL, GUITAR SYMBOL, HEN SYMBOL, HORSE SYMBOL, HORSESHOE SYMBOL, JACKRABBIT SYMBOL, LIZARD SYMBOL, LONE STAR SYMBOL, MARACAS SYMBOL, MOCKINGBIRD SYMBOL, MOONRISE SYMBOL, MORTAR PESTLE SYMBOL, NEWSPAPER SYMBOL, OIL RIG SYMBOL, PECAN TREE SYMBOL, PIÑATA SYMBOL, RATTLESNAKE SYMBOL, ROADRUNNER SYMBOL, SADDLE SYMBOL, SHOES SYMBOL, SPEAR SYMBOL, SPUR SYMBOL, STRAWBERRY SYMBOL, SUNSET SYMBOL, WHEEL SYMBOL, WINDMILL SYMBOL, \$5.00, \$10.00, \$15.00, \$20.00, \$50.00, \$100, \$200, \$500, \$5,000 and \$100,000.

D. Play Symbol Caption - The printed material appearing below each Play Symbol which explains the Play Symbol. One caption appears under each Play Symbol and is printed in caption font in black ink in positive. The Play Symbol Caption which corresponds with and verifies each Play Symbol is as follows:

Figure 1: GAME NO. 2765 - 1.2D

PLAY SYMBOL	CAPTION
ARMADILLO SYMBOL	ARMADILLO
BAT SYMBOL	BAT
BLUEBONNET SYMBOL	BLUEBONNET
BOAR SYMBOL	BOAR
CACTUS SYMBOL	CACTUS
CHERRIES SYMBOL	CHERRIES
CHILE PEPPER SYMBOL	CHILE PEPPER
CORN SYMBOL	CORN
COVERED WAGON SYMBOL	COVERED WAGON
COWBOY HAT SYMBOL	COWBOY HAT
COWBOY SYMBOL	COWBOY
FIRE SYMBOL	FIRE
GUITAR SYMBOL	GUITAR
HEN SYMBOL	HEN
HORSE SYMBOL	HORSE
HORSESHOE SYMBOL	HORSESHOE
JACKRABBIT SYMBOL	JACKRABBIT
LIZARD SYMBOL	LIZARD
LONE STAR SYMBOL	LONE STAR
MARACAS SYMBOL	MARACAS
MOCKINGBIRD SYMBOL	MOCKINGBIRD
MOONRISE SYMBOL	MOONRISE
MORTAR PESTLE SYMBOL	MORTAR PESTLE
NEWSPAPER SYMBOL	NEWSPAPER
OIL RIG SYMBOL	OIL RIG
PECAN TREE SYMBOL	PECAN TREE
PIÑATA SYMBOL	PIÑATA

RATTLESNAKE SYMBOL	RATTLESNAKE
ROADRUNNER SYMBOL	ROADRUNNER
SADDLE SYMBOL	SADDLE
SHOES SYMBOL	SHOES
SPEAR SYMBOL	SPEAR
SPUR SYMBOL	SPUR
STRAWBERRY SYMBOL	STRAWBERRY
SUNSET SYMBOL	SUNSET
WHEEL SYMBOL	WHEEL
WINDMILL SYMBOL	WINDMILL
\$5.00	FIV\$
\$10.00	TEN\$
\$15.00	FFN\$
\$20.00	TWY\$
\$50.00	FFTY\$
\$100	ONHN
\$200	TOHN
\$500	FVHN
\$5,000	FVTH
\$100,000	100TH

E. Serial Number - A unique thirteen (13) digit number appearing under the latex scratch-off covering on the front of the Scratch Ticket. The Serial Number is for validation purposes and cannot be used to play the game. The format will be: 0000000000000.

F. Bar Code - A twenty-four (24) character interleaved two (2) of five (5) Bar Code which will include a four (4) digit game ID, the seven (7) digit Pack number, the three (3) digit Ticket number and the ten (10) digit Validation Number. The Bar Code appears on the back of the Scratch Ticket.

G. Game-Pack-Ticket Number - A fourteen (14) digit number consisting of the four (4) digit game number (2765), a seven (7) digit Pack number, and a three (3) digit Ticket number. Ticket numbers start with 001 and end with 075 within each Pack. The format will be: 2765-0000001-001.

H. Pack - A Pack of the "LOTERIA AZUL" Scratch Ticket Game contains 075 Tickets, packed in plastic shrink-wrapping and fanfolded in

pages of one (1). The Packs will alternate from Pack to Pack. Fanfold A: Ticket front 001 will be on the top Ticket and 075 back will be on the last page. Fanfold B: Ticket back 001 will be on the top and Ticket front 075 will be on the last page.

I. Non-Winning Scratch Ticket - A Scratch Ticket which is not programmed to be a winning Scratch Ticket or a Scratch Ticket that does not meet all of the requirements of these Game Procedures, the State Lottery Act (Texas Government Code, Chapter 466), and applicable rules adopted by the Texas Lottery and Charitable Bingo Division of the Texas Department of Licensing and Regulation ("Texas Lottery") pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140.

J. Scratch Ticket Game, Scratch Ticket or Ticket - Texas Lottery "LOTERIA AZUL" Scratch Ticket Game No. 2765.

2.0 Determination of Prize Winners. The determination of prize winners is subject to the general Scratch Ticket validation requirements

set forth in Texas Lottery Rule 140.302, Scratch Ticket Game Rules, these Game Procedures, and the requirements set out on the back of each Scratch Ticket. Each Scratch Ticket contains exactly fifty-two (52) Play Symbols. A prize winner in the "LOTERIA AZUL" Scratch Ticket Game is determined once the latex on the Scratch Ticket is scratched off to expose Play Symbols as follows: **PLAYBOARD:** 1) The player completely scratches the CALLER'S CARD area to reveal 21 symbols. 2) The player scratches ONLY the symbols on the PLAYBOARD that exactly match the symbols revealed on the CALLER'S CARD. 3) If the player reveals a complete row, column or diagonal line, the player wins the prize for that line. **BONUS GAMES:** The player scratches ONLY the symbols on the BONUS GAMES that exactly match the symbols revealed on the CALLER'S CARD. If the player reveals 4 symbols in the same GAME, the player wins the PRIZE for that GAME. **TABLA DE JUEGO:** 1) El jugador raspa completamente la CARTA DEL GRITÓN para revelar 21 símbolos. 2) El jugador SOLAMENTE raspa los símbolos en la TABLA DE JUEGO que son exactamente iguales a los símbolos revelados en la CARTA DEL GRITÓN. 3) Si el jugador revela una línea completa, horizontal, vertical o diagonal, el jugador gana el premio para esa línea. **JUEGOS DE BONO:** El jugador SOLAMENTE raspa los símbolos de los JUEGOS DE BONO que son exactamente iguales a los símbolos revelados en la CARTA DEL GRITÓN. Si el jugador revela 4 símbolos en el mismo JUEGO, el jugador gana el PREMIO para ese JUEGO. No portion of the Display Printing nor any extraneous matter whatsoever shall be usable or playable as a part of the Scratch Ticket.

2.1 Scratch Ticket Validation Requirements.

A. To be a valid Scratch Ticket, all of the following requirements must be met:

1. Exactly fifty-two (52) Play Symbols must appear under the Latex Overprint on the front portion of the Scratch Ticket;
2. Each of the Play Symbols must have a Play Symbol Caption underneath, unless specified, and each Play Symbol must agree with its Play Symbol Caption;
3. Each of the Play Symbols must be present in its entirety and be fully legible;
4. Each of the Play Symbols must be printed in black ink except for dual image games;
5. The Scratch Ticket shall be intact;
6. The Serial Number and Game-Pack-Ticket Number must be present in their entirety and be fully legible;
7. The Serial Number must correspond, using the Texas Lottery's codes, to the Play Symbols on the Scratch Ticket;
8. The Scratch Ticket must not have a hole punched through it, be mutilated, altered, unreadable, reconstituted or tampered with in any manner;
9. The Scratch Ticket must not be counterfeit in whole or in part;
10. The Scratch Ticket must have been issued by the Texas Lottery in an authorized manner;
11. The Scratch Ticket must not have been stolen, nor appear on any list of omitted Scratch Tickets or non-activated Scratch Tickets on file at the Texas Lottery;
12. The Play Symbols, Serial Number and Game-Pack-Ticket Number must be right side up and not reversed in any manner;
13. The Scratch Ticket must be complete and not miscut, and have exactly fifty-two (52) Play Symbols under the Latex Overprint on the

front portion of the Scratch Ticket, exactly one Serial Number and exactly one Game-Pack-Ticket Number on the Scratch Ticket;

14. The Serial Number of an apparent winning Scratch Ticket shall correspond with the Texas Lottery's Serial Numbers for winning Scratch Tickets, and a Scratch Ticket with that Serial Number shall not have been paid previously;

15. The Scratch Ticket must not be blank or partially blank, misregistered, defective or printed or produced in error;

16. Each of the fifty-two (52) Play Symbols must be exactly one of those described in Section 1.2.C of these Game Procedures;

17. Each of the fifty-two (52) Play Symbols on the Scratch Ticket must be printed in the Symbol font and must correspond precisely to the artwork on file at the Texas Lottery; the Scratch Ticket Serial Numbers must be printed in the Serial font and must correspond precisely to the artwork on file at the Texas Lottery; and the Game-Pack-Ticket Number must be printed in the Game-Pack-Ticket Number font and must correspond precisely to the artwork on file at the Texas Lottery;

18. The Display Printing on the Scratch Ticket must be regular in every respect and correspond precisely to the artwork on file at the Texas Lottery; and

19. The Scratch Ticket must have been received by the Texas Lottery by applicable deadlines.

B. The Scratch Ticket must pass all additional validation tests provided for in these Game Procedures, the Texas Lottery's Rules governing the award of prizes of the amount to be validated, and any confidential validation and security tests of the Texas Lottery.

C. Any Scratch Ticket not passing all of the validation requirements is void and ineligible for any prize and shall not be paid. However, the Executive Director of the Texas Lottery ("Executive Director") may, solely at the Executive Director's discretion, refund the retail sales price of the Scratch Ticket. In the event a defective Scratch Ticket is purchased, the only responsibility or liability of the Texas Lottery shall be to replace the defective Scratch Ticket with another unplayed Scratch Ticket in that Scratch Ticket Game (or a Scratch Ticket of equivalent sales price from any other current Texas Lottery Scratch Ticket Game) or refund the retail sales price of the Scratch Ticket, solely at the Executive Director's discretion.

2.2 Programmed Game Parameters.

A. GENERAL: A Ticket can win up to six (6) times in accordance with the prize structure.

B. GENERAL: Consecutive Non-Winning Tickets within a Pack will not have matching patterns, in the same order, of either Play Symbols or Prize Symbols.

C. GENERAL: There will be no identical Play Symbols in the CALLER'S CARD/CARTA DEL GRITÓN play area.

D. PLAYBOARD/TABLA DE JUEGO: At least eight (8), but no more than twelve (12), CALLER'S CARD/CARTA DEL GRITÓN Play Symbols will match a symbol on the PLAYBOARD/TABLA DE JUEGO play area on a Ticket.

E. PLAYBOARD/TABLA DE JUEGO: No identical Play Symbols are allowed on the PLAYBOARD/TABLA DE JUEGO play area.

F. BONUS GAMES/JUEGOS DE BONO: Every BONUS GAMES/JUEGOS DE BONO Grid will match at least one (1) Play Symbol to the CALLER'S CARD/CARTA DEL GRITÓN play area.

2.3 Procedure for Claiming Prizes.

A. To claim a "LOTERIA AZUL" Scratch Ticket Game prize of \$5.00, \$10.00, \$15.00, \$20.00, \$50.00, \$100, \$200 or \$500, a claimant shall sign the back of the Scratch Ticket in the space designated on the Scratch Ticket and may present the winning Scratch Ticket to any Texas Lottery Retailer. The Texas Lottery Retailer shall verify the claim and, if valid, and upon presentation of proper identification, if appropriate, make payment of the amount due the claimant and physically void the Scratch Ticket; provided that the Texas Lottery Retailer may, but is not required, to pay a \$50.00, \$100, \$200 or \$500 Scratch Ticket Game. In the event the Texas Lottery Retailer cannot verify the claim, the Texas Lottery Retailer shall provide the claimant with a claim form and instruct the claimant on how to file a claim with the Texas Lottery. If the claim is validated by the Texas Lottery, a check shall be forwarded to the claimant in the amount due. In the event the claim is not validated, the claim shall be denied and the claimant shall be notified promptly. A claimant may also claim any of the above prizes under the procedure described in Section 2.3.B and Section 2.3.C of these Game Procedures.

B. To claim a "LOTERIA AZUL" Scratch Ticket Game prize of \$5,000 or \$100,000, the claimant must sign the winning Scratch Ticket and may present it at one of the Texas Lottery's Claim Centers. If the claim is validated by the Texas Lottery, payment will be made to the bearer of the validated winning Scratch Ticket for that prize upon presentation of proper identification. When paying a prize of \$600 or more, the Texas Lottery shall file the appropriate income reporting form with the Internal Revenue Service (IRS) and shall withhold federal income tax at a rate set by the IRS if required. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

C. As an alternative method of claiming a "LOTERIA AZUL" Scratch Ticket Game prize, the claimant may submit the signed winning Scratch Ticket and a thoroughly completed claim form via mail. If a prize value is \$1,000,000 or more, the claimant must also provide proof of Social Security number or Tax Payer Identification (for U.S. Citizens or Resident Aliens). Mail all to: Texas Lottery, P.O. Box 16600, Austin, Texas 78761-6600. The Texas Lottery is not responsible for Scratch Tickets lost in the mail. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

D. Prior to payment by the Texas Lottery of any prize, the Texas Lottery shall deduct the amount of a delinquent tax or other money from the winnings of a prize winner who has been finally determined to be:

1. delinquent in the payment of a tax or other money to a state agency and that delinquency is reported to the Comptroller under Government Code §403.055;
2. in default on a loan made under Chapter 52, Education Code;
3. in default on a loan guaranteed under Chapter 57, Education Code; or
4. delinquent in child support payments in the amount determined by a court or a Title IV-D agency under Chapter 231, Family Code.

E. If a person is indebted or owes delinquent taxes to the State, other than those specified in the preceding paragraph, the winnings of a person shall be withheld until the debt or taxes are paid.

2.4 Allowance for Delay of Payment. The Texas Lottery may delay payment of the prize pending a final determination by the Executive Director, under any of the following circumstances:

A. if a dispute occurs, or it appears likely that a dispute may occur, regarding the prize;

B. if there is any question regarding the identity of the claimant;

C. if there is any question regarding the validity of the Scratch Ticket presented for payment; or

D. if the claim is subject to any deduction from the payment otherwise due, as described in Section 2.3.D of these Game Procedures. No liability for interest for any delay shall accrue to the benefit of the claimant pending payment of the claim.

2.5 Payment of Prizes to Persons Under 18. If a person under the age of 18 years is entitled to a cash prize under \$600 from the "LOTERIA AZUL" Scratch Ticket Game, the Texas Lottery shall deliver to an adult member of the minor's family or the minor's guardian a check or warrant in the amount of the prize payable to the order of the minor.

2.6 If a person under the age of 18 years is entitled to a cash prize of \$600 or more from the "LOTERIA AZUL" Scratch Ticket Game, the Texas Lottery shall deposit the amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

2.7 Scratch Ticket Claim Period. All Scratch Ticket prizes must be claimed within 180 days following the end of the Scratch Ticket Game or within the applicable time period for certain eligible military personnel as set forth in Texas Government Code §466.408. Any rights to a prize that is not claimed within that period, and in the manner specified in these Game Procedures and on the back of each Scratch Ticket, shall be forfeited.

2.8 Disclaimer. The number of prizes in a game is approximate based on the number of Scratch Tickets ordered. The number of actual prizes available in a game may vary based on number of Scratch Tickets manufactured, testing, distribution, sales and number of prizes claimed. A Scratch Ticket Game may continue to be sold even when all the top prizes have been claimed.

3.0 Scratch Ticket Ownership.

A. Until such time as a signature is placed upon the back portion of a Scratch Ticket in the space designated, a Scratch Ticket shall be owned by the physical possessor of said Scratch Ticket. When a signature is placed on the back of the Scratch Ticket in the space designated, the player whose signature appears in that area shall be the owner of the Scratch Ticket and shall be entitled to any prize attributable thereto. Notwithstanding any name or names submitted on a claim form, the Executive Director shall make payment to the player whose signature appears on the back of the Scratch Ticket in the space designated. If more than one name appears on the back of the Scratch Ticket, the Executive Director will require that one of those players whose name appears thereon be designated by such players to receive payment.

B. The Texas Lottery shall not be responsible for lost or stolen Scratch Tickets and shall not be required to pay on a lost or stolen Scratch Ticket.

4.0 Number and Value of Scratch Prizes. There will be approximately 10,080,000 Scratch Tickets in Scratch Ticket Game No. 2765. The approximate number and value of prizes in the game are as follows:

Figure 2: GAME NO. 2765 - 4.0

Prize Amount	Approximate Number of Winners*	Approximate Odds are 1 in **
\$5.00	1,176,000	8.57
\$10.00	940,800	10.71
\$15.00	134,400	75.00
\$20.00	201,600	50.00
\$50.00	134,400	75.00
\$100	37,128	271.49
\$200	6,888	1,463.41
\$500	1,008	10,000.00
\$5,000	25	403,200.00
\$100,000	5	2,016,000.00

*The number of prizes in a game is approximate based on the number of tickets ordered. The number of actual prizes available in a game may vary based on number of tickets manufactured, testing, distribution, sales and number of prizes claimed.

**The overall odds of winning a prize are 1 in 3.83. The individual odds of winning for a particular prize level may vary based on sales, distribution, testing, and number of prizes claimed.

A. The actual number of Scratch Tickets in the game may be increased or decreased at the sole discretion of the Texas Lottery.

5.0 End of the Scratch Ticket Game. The Executive Director may, at any time, announce a closing date (end date) for the Scratch Ticket Game No. 2765 without advance notice, at which point no further Scratch Tickets in that game may be sold. The determination of the closing date and reasons for closing will be made in accordance with the Scratch Ticket closing procedures and the Scratch Ticket Game Rules. See 16 TAC §140.302(j).

6.0 Governing Law. In purchasing a Scratch Ticket, the player agrees to comply with, and abide by, these Game Procedures for Scratch Ticket Game No. 2765, the State Lottery Act (Texas Government Code, Chapter 466), applicable rules adopted by the Texas Lottery pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140, and all final decisions of the Executive Director.

TRD-202601447
 Deanne Rienstra
 General Counsel Lottery and Charitable Bingo
 Texas Department of Licensing and Regulation
 Filed: April 1, 2026



Public Utility Commission of Texas

Notice of Application for Recovery of Universal Service Funding

Notice is given to the public of an application filed with the Public Utility Commission of Texas (Commission) on March 25, 2026, for recovery of universal service funding under Public Utility Regulatory Act (PURA) § 56.025 and 16 Texas Administrative Code (TAC) §26.406.

Docket Style and Number: Application of Lipan Telephone Company to Recover Funds from the Texas Universal Service Fund Under PURA § 56.025 and 16 TAC §26.406 For Calendar Year 2025, Docket Number 59565.

The Application: Lipan Telephone seeks recovery of funds from the Texas Universal Service Fund (TUSF) due to Federal Communications Commission actions resulting in a reduction in the Federal Universal Service Fund (FUSF) revenues available to Lipan Telephone for 2025. Lipan Telephone requests that the Commission allow recovery of funds from the TUSF in the amount of \$332,794 for 2025 to replace the projected reduction in FUSF revenue.

Persons wishing to intervene or comment on the action sought should contact the Commission by mail at P.O. Box 13326, Austin, Texas 78711-3326, or by phone at (512) 936-7120 or toll-free at (888) 782-8477. Hearing and speech-impaired individuals with text telephone (TTY) may contact the commission through Relay Texas by dialing

7-1-1. A deadline for intervention in this proceeding will be established. All comments should reference Docket Number 59565.

TRD-202601396

Andrea Gonzalez

Rules Coordinator

Public Utility Commission of Texas

Filed: March 27, 2026

◆ ◆ ◆
Supreme Court of Texas

Order Approving Subjects for the Texas Law Component to be Administered with the NextGen Bar Exam

Supreme Court of Texas

Misc. Docket No. 26-9018

Order Approving Subjects for the Texas Law Component to be Administered with the NextGen Bar Exam

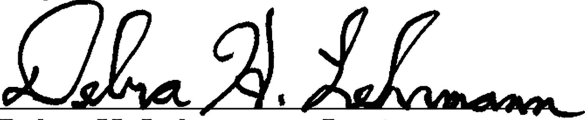
ORDERED that:


1. On June 25, 2024, in Misc. Docket No. 24-9040, the Court accepted the Board of Law Examiners' recommendation that a graded Texas Law Component be administered with the NextGen Bar Exam. The order emphasizes the importance of ensuring "that applicants who wish to be admitted to the Texas Bar have sufficient knowledge of important aspects of Texas law."
2. Rule 5 of the Rules Governing Admission to the Bar provides that the Texas Law Component be approved by the Court.
3. The Board has recommended that beginning with the first administration of the NextGen Bar Exam in July 2028, the Texas Law Component be a graded test covering the following areas of Texas law:
 - trusts and guardianship;
 - wills and administration;
 - civil procedure;
 - criminal law and criminal procedure;
 - family law; and
 - real property law, including oil and gas.
4. The Board's recommendation was based on its study of past Texas bar exams, the Uniform Bar Examination, and the NextGen Bar Examination, as well as input from a BLE NextGen work group, which included several Board members and several Texas law school deans.
5. After consideration, the Court approves the Board's recommendation.
6. The Clerk is directed to:

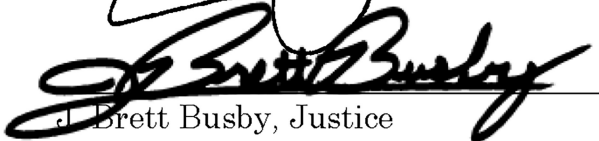
- a. file a copy of this order with the Secretary of State;
- b. send a copy of this order to the Governor, the Lieutenant Governor, and each elected member of the Legislature;
- c. submit a copy of this order for publication in the *Texas Register*; and
- d. cause a copy of this order to be mailed to each registered member of the State Bar of Texas by publication in the *Texas Bar Journal*.

Dated: March 27, 2026.


James D. Blacklock, Chief Justice


Debra H. Lehmann, Justice


John P. Devine, Justice


J. Brett Busby, Justice


Jane N. Bland, Justice


Rebeca A. Huddle, Justice


Evan A. Young, Justice


James P. Sullivan, Justice


Kyle D. Hawkins, Justice

TRD-202601430
Jaclyn Daumerie
Rules Attorney
Supreme Court of Texas
Filed: March 31, 2026

Final Approval of Amendments to Texas Rule of Civil
Procedure 330(e) and Texas Rules of Judicial Administration
2, 4, 7, 8, and 10

◆ ◆ ◆

Supreme Court of Texas

Misc. Docket No. 26-9019

**Final Approval of Amendments to
Texas Rule of Civil Procedure 330(e) and
Texas Rules of Judicial Administration 2, 4, 7, 8, and 10**

ORDERED that:

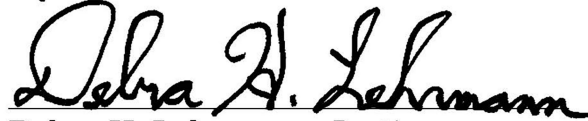
1. On October 24, 2025, in Misc. Dkt. No. 25-9081, the Court preliminary approved amendments to Texas Rule of Civil Procedure 330(e) and Texas Rules of Judicial Administration 2, 4, 7, 8, and 10, and invited public comment.
2. Following the comment period, the Court made revisions to the amendments. This order incorporates those revisions and contains the final version of the amendments, effective July 1, 2026.
3. This order demonstrates the amendments to Texas Rules of Judicial Administration 2, 4, and 7 in clean form. The amendments to Texas Rule of Civil Procedure 330(e) and Texas Rules of Judicial Administration 8 and 10 are demonstrated in redline form, showing revisions made since October 24, 2025.
4. Counties that believe they cannot comply with these amendments by July 1, 2026, may petition the Supreme Court for an extension, which may be granted for good cause shown. The petition must explain why an extension is needed and propose an alternative effective date.
5. The Clerk is directed to:
 - a. file a copy of this Order with the Secretary of State;
 - b. cause a copy of this Order to be mailed to each registered member of the State Bar of Texas by publication in the *Texas Bar Journal*;
 - c. send a copy of this Order to the Governor, the Lieutenant Governor, and each elected member of the Legislature; and

d. submit a copy of this Order for publication in the *Texas Register*.

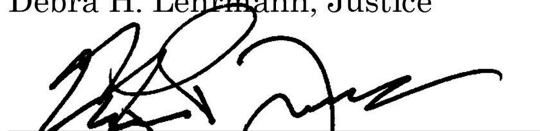
Date: March 27, 2026.



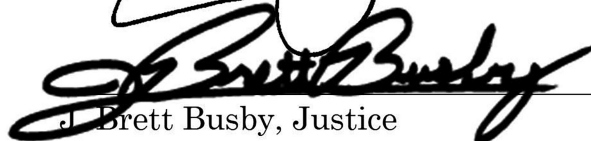
James D. Blacklock, Chief Justice



Debra H. Lehrmann, Justice



John P. Devine, Justice



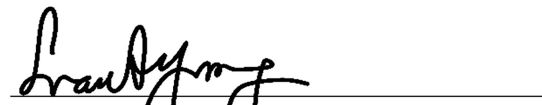
J. Brett Busby, Justice



Jane N. Bland, Justice



Rebeca A. Huddle, Justice



Evan A. Young, Justice



James P. Sullivan, Justice



Kyle D. Hawkins, Justice

TEXAS RULES OF CIVIL PROCEDURE

RULE 330. RULES OF PRACTICE AND PROCEDURE IN CERTAIN DISTRICT COURTS

The following rules of practice and procedure shall govern and be followed in all civil actions in district courts in counties where the only district court of said county vested with civil jurisdiction, or all the district courts thereof having civil jurisdiction, have successive terms in said county throughout the year, without more than two days intervening between any of such terms, whether or not any one or more of such district courts include one or more other counties within its jurisdiction.

- (e) ~~**Assignment; Bench Exchange and Transfer.**~~ Upon the filing of a case, the case must be randomly assigned to a judge authorized to preside over the case. Where there are two or more district courts in a county having civil jurisdiction, bench exchanges are available at the ~~assigned judge's discretion of the judge of the assigned court.~~ In exchanging benches, a sitting judge need not sit in the assigned ~~judge's court's~~ courtroom. The sitting judge may hear a matter in a case at the same time as the ~~assigned judge of the assigned court~~ is hearing a matter in another case. A sitting judge ~~who sits at the discretion of the assigned judge~~ must enter ~~any case activity, including any judgment or orders, on the docket sheet kept by the assigned judge~~ in the minutes of the assigned court.

TEXAS RULES OF JUDICIAL ADMINISTRATION

Rule 2. Definitions

In these rules:

b. "Regional Presiding Judge" or "Presiding Judge" means the presiding judge of an administrative region.

Rule 4. Council of Judges

c. The Council of Judges shall adopt rules for the administration of the affairs of the courts within the administrative region, including, but not limited to, rules for:

(1) management of the business, administrative and nonjudicial affairs of the courts;

(2) docket management systems to provide the most efficient and effective use of available court resources and that ensure individual judicial responsibility for each assigned case;

(3) the reporting of docket and case-level information as required by the Texas Judicial Council or the Office of Court Administration;

(4) meaningful procedures for achieving the time standards for the disposition of cases provided by Rule 6;

(5) such other matters necessary to the administrative operations of the courts; and

(6) judicial budget matters.

Rule 7. Administrative Responsibilities.

Rule 7.2. District, Statutory County, and Business Courts.

A district, statutory county, or business court judge must:

(a) diligently discharge the administrative responsibilities of the office;

(b) maintain responsibility for a case assigned to the judge, absent the official transfer of a case to another judge or the assignment of the case by the Regional Presiding Judge to another judge;

(c) rule on a case within three months after the case is taken under advisement;

(d) if an election contest or a suit for the removal of a local official is filed in the judge's court, request the Regional Presiding Judge to assign another judge who is not a resident of the county to dispose of the suit;

(e) on motion by either party in a disciplinary action against an attorney, request the Regional Presiding Judge to assign another judge who is not a resident of the administrative region where the action is pending to dispose of the case;

(f) request the Regional Presiding Judge to assign another judge of the administrative region to hear a motion relating to the recusal or disqualification of the judge from a case pending in his court; and

(g) to the extent consistent with due process, consider using methods to expedite the disposition of cases on the docket of the court, including:

(1) adherence to firm trial dates with strict continuance policies;

(2) the use of teleconferencing, videoconferencing, or other available means in lieu of personal appearance for motion hearings, pretrial conferences, scheduling, and other appropriate court proceedings;

(3) pretrial conferences to encourage settlements and to narrow trial issues;

(4) taxation of costs and imposition of other sanctions authorized by the Rules of Civil Procedure against attorneys or parties filing frivolous motions or pleadings or abusing discovery procedures; and

(5) local rules, consistently applied, to regulate docketing procedures and timely pleadings, discovery, and motions.

Rule 8. Assignment of Judges.

a. Upon the filing of a case, the case must be randomly assigned to a judge court authorized to preside over the case. The judge of the originally assigned judge court is responsible for the case, absent an official transfer of the case to another judge or the assignment of the case by the Regional Presiding Judge to another judge court. A bench exchange is not a transfer. A B bench exchanges are is available at the discretion of the judge of the originally assigned judge's discretion court, but the judge of the originally assigned judge court must maintain full responsibility for the case.

b. Judges may be assigned in the manner provided by Chapter 74 of the Texas Government Code to hold court when:

(1) the regular judge of the court is absent or is disabled, recuses himself, or is recused under the provisions of Rule 18a, T.R.C.P., or is disqualified for any cause;

(2) the regular judge of the court is present and is trying cases as authorized by the constitution and laws of this State; or

(3) the office of the judge is vacant because of death, resignation, or other cause.

c. A Presiding Judge from time to time shall assign the judges of the administrative region, including qualified retired appellate judges, to hold special or regular terms of court in any county of the administrative region to try cases and dispose of accumulated business.

d. The Presiding Judge of one administrative region may request the Presiding Judge of another administrative region to furnish judges to aid in the disposition of litigation pending in a court in the administrative region of the Presiding Judge who makes the request.

e. In addition to the assignment of judges by the Presiding Judges as authorized by Chapter 74 of the Texas Government Code, the Chief Justice may assign judges of one or more administrative regions for service in other administrative regions when he considers the assignment necessary to the prompt and efficient administration of justice. A judge assigned by the Chief Justice shall perform the same duties and functions that the judge would perform if he were assigned by the Presiding Judge.

Comment to 2026 change: Rotational assignment of cases on a wheel qualifies as random assignment so long as it cannot be abused to be predictable by litigants. In addition to this rule and Texas Rule of Civil Procedure 330, bench exchanges and case transfers are governed by statute, including Texas Government Code sections 24.003 and 74.121.

Rule 10. Local Rules, Forms, and Standing Orders.

(a) *General Rule.* Local rules, forms, and standing orders must not be inconsistent with other laws or rules and must be published on the Office of Court Administration's website.

(b) *Multi-Court Counties.* In multi-court counties having two or more court divisions, each division must adopt a single set of local rules, forms, and standing orders that govern all courts in the division.

(c) *Local Rule Contents.* Local rules must include:

(1) provisions for the random and fair distribution of cases ~~among the judges in the county~~ upon the initial filing of each case;

(2) designation of court divisions or branches responsible for certain matters and of the responsibility for emergency and special matters;

(3) provisions for ensuring that an individual judge maintains full responsibility for a case, absent an official transfer of the case to another judge ~~or the assignment of the case by the Presiding Judge to another judge~~;

(4) plans for judicial vacation, sick leave, attendance at educational programs, and similar matters; and

(5) any other content required by sections 27.061 or 74.093(b) of the Texas Government Code.

(d) *Format.* Local rules, forms, and standing orders must be submitted in a format specified by the Office of Court Administration.

(e) *Presiding Judge Authority.* The Presiding Judge may direct a court in the region to amend or withdraw a local rule, form, or standing order if the Presiding Judge determines that the rule, form, or standing order fails to comply with Rule 3a of the Texas Rules of Civil Procedure or that it is unfair or unduly burdensome.

(f) *Supreme Court Authority.* The Supreme Court may direct a court to amend or withdraw a local rule, form, or standing order if the Supreme Court determines that the rule, form, or standing order fails to comply with Rule 3a of the Texas Rules of Civil Procedure or Rule 1.2 of the Texas Rules of Appellate Procedure or that it is unfair or unduly burdensome.

(g) *Forms.* A court must not require a party to use a local form. A court must not reject a properly completed form approved by the Supreme Court or an organization that reports to the Supreme Court.

Comment to 2023 change: Rule 10 is amended to implement the changes to Texas Rule of Civil Procedure 3a and Texas Rule of Appellate Procedure 1.2. But it also applies to local justice court rules authorized by section 27.061 of the Texas Government Code. Paragraphs (e) and (f) expressly authorize the regional presiding judges and the Supreme Court to direct changes to or the repeal of local rules, forms, and standing orders. Paragraph (g) is added to prohibit a court from requiring the use of a local form. Paragraph (g) makes clear that access to the justice system cannot be denied because of a party's failure to use a local form. Paragraph (g) also specifies that a court cannot reject forms approved by the Supreme Court or organizations that report to the Supreme Court.

TRD-202601431
Jaclyn Daumerie
Rules Attorney
Supreme Court of Texas
Filed: March 31, 2026

◆ ◆ ◆
Final Approval of Amendments to the Procedural Rules for
the State Commission on Judicial Conduct, Now Titled the
Disciplinary Rules for Judges and Judicial Candidates

(Editor's note: In accordance with Texas Government Code, §2002.014, which permits the omission of material which is "cumbersome, expensive, or otherwise inexpedient," this order is not included in the print version of the Texas Register. The order is available in the on-line version of the April 10, 2026, issue of the Texas Register.)

TRD-202601432
Jaclyn Daumerie
Rules Attorney

Supreme Court of Texas
Filed: March 31, 2026



Preliminary Approval of Amendments to Article XII of the
State Bar Rules

Supreme Court of Texas

Misc. Docket No. 26-9022

Preliminary Approval of Amendments to Article XII of the State Bar Rules

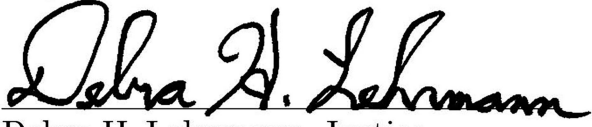
ORDERED that:

1. The Court invites public comments on proposed amendments to Article XII of the State Bar Rules.
2. Comments regarding the proposed amendments should be submitted in writing to rulescomments@txcourts.gov by June 1, 2026.
3. The Court will issue an order finalizing the amendments after the close of the comment period. The Court may change the amendments in response to public comments. The Court expects the amendments to take effect on January 1, 2027.
4. The Clerk is directed to:
 - a. file a copy of this order with the Secretary of State;
 - b. send a copy of this order to the Governor, the Lieutenant Governor, and each elected member of the Legislature;
 - c. cause a copy of this order to be mailed to each registered member of the State Bar of Texas by publication in the *Texas Bar Journal*; and
 - d. submit a copy of this order for publication in the *Texas Register*.

Dated: March 27, 2026.



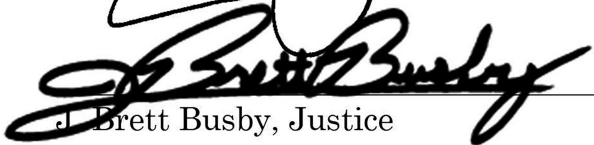
James D. Blacklock, Chief Justice



Debra H. Lehrmann, Justice



John P. Devine, Justice



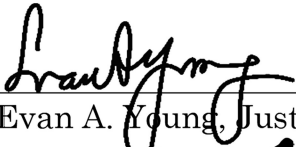
J. Brett Busby, Justice



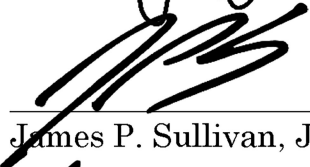
Jane N. Bland, Justice



Rebeca A. Huddle, Justice



Evan A. Young, Justice



James P. Sullivan, Justice



Kyle D. Hawkins, Justice

ARTICLE XII
MINIMUM CONTINUING LEGAL EDUCATION

Section 4. Accreditation

A. The Committee ~~shall~~must develop criteria for the accreditation~~ing~~ of continuing legal education activities and ~~shall~~must designate the number of hours to be earned by participation in such activities, ~~as approved by the Committee. In order for an activity to~~ be accredited, the activity's subject matter must directly relate to legal subjects and the legal profession, including professional responsibility, legal ethics, or law practice management. The Committee may, in appropriate cases, extend accreditation to qualified activities that have already occurred.

The Committee ~~shall~~must not extend credit to activities completed in the ordinary course of the practice of law, in the performance of regular employment, ~~as a volunteer service to clients or the general public,~~ as a volunteer service to government entities, or in a member's regular duties on a committee, section, or division of any bar related organization. The Committee may extend accredited status, subject to periodic review, to a qualified sponsor for its overall continuing legal education curriculum. ~~No~~Examinations shallnot be required.

B. Self-study credit may be given for individual viewing or listening to audio, video, or digital media; reading written material; attending organized in-office educational programs; or other activities approved by the Committee. No more than three hours of credit may be given during a compliance year for self-study activities. Time spent viewing or listening to audio, video, or digital media as part of an organized CLE activity approved by the Committee counts as conventional continuing legal education and is not subject to the self-study limitation.

C. Credit may be earned through teaching or participating in an accredited CLE activity. Credit shall be granted for preparation time and presentation time, including preparation credit for repeated presentations.

D. Credit may be earned through legal research-based writing upon application to the Committee provided the activity (1) produced material published or to be published in the form of an article, chapter, or book written, in whole or in part, by the applicant; (2) contributed substantially to the continuing legal education of the applicant and other attorneys; and (3) is not done in the ordinary course of the practice of law, the performance of regular employment, or as a service to clients.

E. The Committee may, in appropriate cases, charge a reasonable fee to the sponsor for accrediting CLE activities.

F. A member who holds a full-time faculty position in any law school which is approved by the American Bar Association may be credited as fulfilling the requirements of this article, except as to the minimum requirements for CLE in legal ethics and professional responsibility. A member who holds a part-time faculty position in any such law school may claim participatory credit for the actual hours of class instruction time not to exceed 12 hours per compliance year, except as to the minimum requirements for CLE in legal ethics and professional responsibility.

G. Credit to meet the minimum educational requirement will be extended to attorneys who are members of the United States Congress or the Texas Legislature for each year in which they serve.

H. No credit shall be given for activities directed primarily to persons preparing for admission to practice law.

I. Credit, not to exceed 30 hours in any compliance year, may be earned for attending a law school class after admission to practice in Texas provided (1) that the member officially registered for the class with the law school; and (2) that the member completed the course as required by the terms of registration. Credit for approved attendance at law school classes shall be for the actual number of hours of class instruction time the member is in attendance at the law school course.

J. Credit, not to exceed 3 hours in a compliance year, may be earned by providing free basic civil legal services to the indigent through a program approved by the Supreme Court to receive basic civil legal services grant funds under Government Code sections 51.942–.943. Credit may be earned at the rate of 1 credit hour for every 5 hours of actual services provided.

TRD-202601433
Jaclyn Daumerie
Rules Attorney
Supreme Court of Texas
Filed: March 31, 2026



How to Use the Texas Register

Information Available: The sections of the *Texas Register* represent various facets of state government. Documents contained within them include:

Governor - Appointments, executive orders, and proclamations.

Attorney General - summaries of requests for opinions, opinions, and open records decisions.

Texas Ethics Commission - summaries of requests for opinions and opinions.

Emergency Rules - sections adopted by state agencies on an emergency basis.

Proposed Rules - sections proposed for adoption.

Withdrawn Rules - sections withdrawn by state agencies from consideration for adoption, or automatically withdrawn by the Texas Register six months after the proposal publication date.

Adopted Rules - sections adopted following public comment period.

Texas Department of Insurance Exempt Filings - notices of actions taken by the Texas Department of Insurance pursuant to Chapter 5, Subchapter L of the Insurance Code.

Review of Agency Rules - notices of state agency rules review.

Tables and Graphics - graphic material from the proposed, emergency and adopted sections.

Transferred Rules - notice that the Legislature has transferred rules within the *Texas Administrative Code* from one state agency to another, or directed the Secretary of State to remove the rules of an abolished agency.

In Addition - miscellaneous information required to be published by statute or provided as a public service.

Specific explanation on the contents of each section can be found on the beginning page of the section. The division also publishes cumulative quarterly and annual indexes to aid in researching material published.

How to Cite: Material published in the *Texas Register* is referenced by citing the volume in which the document appears, the words "TexReg" and the beginning page number on which that document was published. For example, a document published on page 2402 of Volume 51 (2026) is cited as follows: 51 TexReg 2402.

In order that readers may cite material more easily, page numbers are now written as citations. Example: on page 2 in the lower-left hand corner of the page, would be written "51 TexReg 2 issue date," while on the opposite page, page 3, in the lower right-hand corner, would be written "issue date 51 TexReg 3."

How to Research: The public is invited to research rules and information of interest between 8 a.m. and 5 p.m. weekdays at the *Texas Register* office, James Earl Rudder Building, 1019 Brazos, Austin. Material can be found using *Texas Register* indexes, the *Texas Administrative Code* section numbers, or TRD number.

Both the *Texas Register* and the *Texas Administrative Code* are available online at: <https://www.sos.texas.gov>. The *Texas Register* is available in an .html version as well as a .pdf version through the internet. For website information, call the Texas Register at (512) 463-5561.

Texas Administrative Code

The *Texas Administrative Code (TAC)* is the compilation of all final state agency rules published in the *Texas Register*. Following its effective date, a rule is entered into the *Texas Administrative Code*. Emergency rules, which may be adopted by an agency on an interim basis, are not codified within the *TAC*.

The *TAC* volumes are arranged into Titles and Parts (using Arabic numerals). The Titles are broad subject categories into which the agencies are grouped as a matter of convenience. Each Part represents an individual state agency.

The complete *TAC* is available through the Secretary of State's website at <http://www.sos.state.tx.us/tac>.

The Titles of the *TAC*, and their respective Title numbers are:

1. Administration
4. Agriculture
7. Banking and Securities
10. Community Development
13. Cultural Resources
16. Economic Regulation
19. Education
22. Examining Boards
25. Health Services
28. Insurance
30. Environmental Quality
31. Natural Resources and Conservation
34. Public Finance
37. Public Safety and Corrections
40. Social Services and Assistance
43. Transportation

How to Cite: Under the *TAC* scheme, each section is designated by a *TAC* number. For example in the citation 1 TAC §91.1: 1 indicates the title under which the agency appears in the *Texas Administrative Code*; *TAC* stands for the *Texas Administrative Code*; §91.1 is the section number of the rule (91 indicates that the section is under Chapter 91 of Title 1; 1 represents the individual section within the chapter).

How to Update: To find out if a rule has changed since the publication of the current supplement to the *Texas Administrative Code*, please look at the *Index of Rules*.

The *Index of Rules* is published cumulatively in the blue-cover quarterly indexes to the *Texas Register*.

If a rule has changed during the time period covered by the table, the rule's *TAC* number will be printed with the *Texas Register* page number and a notation indicating the type of filing (emergency, proposed, withdrawn, or adopted) as shown in the following example.

TITLE 1. ADMINISTRATION

Part 4. Office of the Secretary of State

Chapter 91. Texas Register

1 TAC §91.1.....950 (P)

SALES AND CUSTOMER SUPPORT

Sales - To purchase subscriptions or back issues, you may contact LexisNexis Sales at 1-800-223-1940 from 7 a.m. to 7 p.m., Central Time, Monday through Friday. Subscription cost is \$1159 annually for first-class mail delivery and \$783 annually for second-class mail delivery.

Customer Support - For questions concerning your subscription or account information, you may contact LexisNexis Matthew Bender Customer Support from 7 a.m. to 7 p.m., Central Time, Monday through Friday.

Phone: (800) 833-9844

Fax: (518) 487-3584

E-mail: customer.support@lexisnexis.com

Website: www.lexisnexis.com/printedsc



LexisNexis