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Comments

The public must be deeply involved in this process.

We believe the PUC should launch a robust public engagement process to solicit the views of Texas ratepayers on such a major overhaul of the electric market design. Hundreds of Texans died and tens of millions were impacted by the February outages; they will pay the costs of this event and Texas' response to it for years to come. During the last electricity market overhaul, the PUC and utilities polled Texans in eight different sites "to provide a measurement of what is important to those most affected energy resource decisions—the public." (We recommend PUC Commissioners and staff read the [NREL Report](#).)¹ They engaged in deliberative polling, a process in which telephone polls identify a scientific sample of the population to participate in 1-2 day deliberation exercises. Through the process the Commission found broad support for energy efficiency and a preference for renewable energy, even though it was more expensive than fossil plants at that time.

Thus far, Commission workshops have only included invited stakeholders. We recommend the commission include an opportunity for public comment at all future workshops and hold one workshop dedicated to stakeholder presentations. PUC should inform the public about how and when they can participate and about how PUC will use public comments.²

We further encourage the Commission to establish an Office of Public Engagement to educate customers about utility issues and help them to participate, comment, and engage. The newly established Office of Public Participation at the U.S. Federal Energy Regulatory Commission might serve as a model.

Market reforms must benefit consumers.

The failures that occurred in February were foreseeable and preventable. Neither the legislature nor the Commission took action after the 2011 and 1989 storms. In the absence of mandates, companies decided to avoid costs by not weatherizing. As a result, the grid failed again. It is inequitable and unjust to force consumers to shoulder all of the costs that resulted from the latest market and grid failure. These costs must be borne by the energy industry.

In addition, gas output dropped drastically days before the blackouts began, suggesting potential market manipulation. Failure to weatherize led some gas wells to freeze leading to fuel shortages. Ill-gotten gains must be returned to consumers. According to an analysis by BloombergNEF, natural gas companies made \$11.1 billion in profits in just five days during the February freeze, profits which ratepayers will have to pay for over the course of the next decade

¹ <https://www.nrel.gov/docs/fy03osti/33177.pdf>

² https://www.usdn.org/uploads/cms/documents/community_engagement_to_ownership_-_tools_and_case_studies_final.pdf

or more through their electric bills (see [Fortune](#)³). Although hundreds died, one gas company executive notoriously crowed that his company had “[hit the jackpot](#).”⁴ We urge the PUC to partner with the Railroad Commission to investigate malfeasance and negligence in the gas industry.

Demand side strategies are half of the equation and should be given equal consideration.

The energy market is designed to balance an equation with supply on one side and demand on the other. The legislature and the Commission have so far focused on energy supply—ignoring the demand side of the equation. We recommend the Commission dedicate appropriate time and resources to demand-side strategies.

Energy efficiency and demand response are proven strategies for meeting our energy needs and saving consumers money while avoiding harm to public health. According to Texas A&M’s Energy Systems Laboratory, in 2019 existing energy efficiency programs reduced demand by 12,680 MWh/year. Between 2002 and 2019, energy efficiency programs saved consumers \$8.6 billion. The Electric Power Research Institute estimates Texas could reduce its energy consumption by nearly 19% by 2035 by employing cost-effective energy efficiency technologies.⁵ Texas has barely scraped the surface of our potential to use energy efficiency and demand response.

The Commission should update energy efficiency rules to expand residential and commercial energy efficiency programs, as it did in 2010. In addition, new distributed technologies are now available, such as local behind-the-meter solar and storage. The Commission should establish improved market rules to leverage the grid benefits of these resources and further incentivize private investments.

The state must also invest in transmission to ensure that power is available when and where it is needed. Parts of Texas, and other states, had surplus power during Winter Storm Uri. Transmission constraints prevented it from reaching homes and businesses where it was badly needed. Texas invested \$7 billion in the Competitive Renewable Energy Zones, which brought inexpensive and abundant renewable energy to load centers. The CREZ transmission investment led to an annual savings of \$1.7 billion per year. With a service life of 30 to 50 years, the CREZ investment will return its investment many times over.⁶ Additional transmission will help boost reliability and provide for the delivery of low cost solar and wind, saving consumers money.

³ <https://fortune.com/2021/07/09/gas-sellers-made-11-billion-texas-winter-blackout/>

⁴ See <https://www.houstonchronicle.com/business/article/jerry-jones-gas-company-jackpot-texas-power-outage-15959718.php>

⁵ Texas has more cost-effective energy efficiency potential than any other state with over 87,000 GWh of total annual energy sales economically achievable by 2035; see: Electric Power Research Institute. (2017). State Level Electric Energy Efficiency Potential Estimates.

<https://energy.gov/eere/analysis/downloads/state-level-electric-energy-efficiency-potential-estimates-0>

⁶ <https://cleanenergygrid.org/texas-national-model-bringing-clean-energy-grid/>.

Reforms must not discriminate against clean energy sources.

If the market redesign includes extra payments for electricity from a “dispatchable resource,” or any other specific capabilities or services, they must be technology neutral and not favor the burning of fossil fuels. That would be contrary to good market principles and would prevent progress toward a cleaner grid, healthier communities and lower bills. Texas is the most vulnerable state for climate change (see [NOAA](#)).⁷ More than 17,000 Texans die each year from air pollution—much of it produced by burning fossil fuels (see [Vohra et. al. 2021](#)).⁸ Texas’ energy market must address these challenges, not make them worse.

There is currently more than 150 gigawatts of new solar and wind power and battery storage in the ERCOT interconnection queue. If successfully built, this new generation will significantly increase power available to the grid and help avoid future blackouts. It makes no sense to punish clean energy with new fees when they are primed to help the state meet demand for energy and keep bills low for all electric consumers. We should promote, not harm, these energy sources. This market redesign should be undertaken with these additional goals in mind: reducing carbon emissions to combat climate change and reducing air pollution to improve public health.

Conclusion

The undersigned organizations appreciate the opportunity to provide these comments. We look forward to working with the Commission to build a stronger, cleaner and fairer electric market.

Respectfully Submitted,

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⁷ <https://www.ncdc.noaa.gov/billions/>

⁸ http://acmg.seas.harvard.edu/publications/2021/vohra_2021_ff_sup.pdf

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