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Received - 2022-10-21 10:57:38 AM
Control Number - 54037
ItemNumber - 5

PROJECT NO. 54163

ERCOT INTERCONNECTION STUDY	§	PUBLIC UTILITY COMMISSION
FOR 2023 BIENNIAL REPORT	§	
	§	OF TEXAS

PROJECT NO. 54037

REPORTS TO	§	PUBLIC UTILITY COMMISSION
THE 88TH LEGISLATURE	§	
	§	OF TEXAS

**COMMENTS OF
CONSERVATIVE TEXANS FOR ENERGY INNOVATION**

COMES NOW Conservative Texans for Energy Innovation (CTEI) and files these Comments in response to the Commission Staff’s request for comments dated September 30, 2022, in the above referenced projects. CTEI is a non-profit clean energy education and advocacy organization composed of thousands of Texans seeking to promote energy innovation and clean energy policies grounded in the conservative principle of common sense, market-based solutions that allow fair competition and provide greater access to clean, affordable, and reliable energy.

As the Commission prepares its Biennial Report to the Legislature required by Sec. 12.023, Utilities Code, Commission Staff seeks public comment on questions related to interconnection of the ERCOT grid to the Eastern and/or Western Interconnects and/or Mexico, and whether such interconnections would protect and further the public interest. In these comments, CTEI is responding to Question 5: “Any other relevant information that commenters believe is necessary for inclusion in the report and is in the public interest.” In summary, CTEI believes that such interconnections would benefit the Texas economy and people.

CTEI supports an “all of the above” strategy to ensure that Texans have access to power that is reliable, resilient, and affordable. This strategy includes exploring the potential benefits to

interconnection with other grids. Texas is a global leader in energy, blessed with abundant natural resources, having a long history of exporting petroleum products and natural gas to other states and countries, bringing significant economic benefits and jobs to our state, and delivering valuable products to other economies. In various publications, the Texas Comptroller of Public Accounts has recognized the impact of Texas' leadership as an energy exporter, including the significant growth of oil and gas exports from Texas,¹ and, more recently, the significant role Texas has in exporting liquified natural gas (LNG) from the United States.²

With the right policy choices, the same could be true for Texas electricity: at times when there is excess, low cost generation in ERCOT, power can be exported, resulting in economic outcomes that benefit Texans. In competitive electricity markets, price signals dictate when it is economic to export power and when it is not, which will ensure that any energy exports would occur when the energy is not needed in ERCOT.

Historically, concerns about interconnecting with neighboring grids have centered on questions of jurisdiction between federal and state regulators, and ERCOT, the Commission, and market participants have been aligned in seeking to ensure that any actions involving interconnection with other grids do not disrupt the regulatory status quo by invoking the plenary jurisdiction of the Federal Energy Regulatory Commission (FERC). CTEI supports outcomes that continue to retain original jurisdiction in Texas. In 2015, the Texas Legislature enacted SB 933 (codified as Utilities Code Section 37.051 subsections (c-1), (c-2), and (c-3)) that requires a person

¹ For example, Texas' exports of oil and gas rose by 439 percent between 2016 and 2019, from \$13.9 billion to \$74.9 billion. David Green and Shannon Halbrook, "Texas' International Trade," Fiscal Notes, Texas Comptroller of Public Accounts (July 2020) at 4 (available at <https://comptroller.texas.gov/economy/fiscal-notes/2020/july/docs/fn.pdf>).

² "Texas is a leader in natural gas production, consumption, and exporting, with nearly half of all U.S. liquified natural gas (LNG) exports flowing through Texas terminals in 2020." "Texas Energy Profile," Fiscal Notes, Texas Comptroller of Public Accounts (September 2022) at 5 (available at <https://comptroller.texas.gov/economy/fiscal-notes/2022/sep/energy.php>).

who seeks to interconnect a facility to the ERCOT transmission grid to first apply to the Commission before the person seeks an order from the Federal Energy Regulatory Commission (FERC) related to the interconnection. That requirement, coupled with the authority of the FERC under Sections 210, 211, and 212 of the Federal Power Act to issue an order disclaiming plenary jurisdiction over ERCOT as a result of such an interconnection, provides the Commission the ability to ensure ERCOT's jurisdictional independence is protected as additional interconnections are developed. CTEI supports innovative projects that can create opportunities to export excess power without invoking FERC jurisdiction.

In summary, CTEI supports further exploration of policies that could create additional new electricity export mechanisms so that Texas can expand its role as energy exporter to include export of excess electricity. CTEI looks forward to continued dialogue at the Commission and the Legislature as appropriate to extend opportunities for Texas energy leadership in the global economy.

Respectfully submitted,

A handwritten signature in black ink that reads "Matt Welch". The signature is fluid and cursive, with the first name "Matt" and last name "Welch" clearly legible.

Matt Welch
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