

SB 1281

HOUSE COMMITTEE ON STATE AFFAIRS

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Hearing Date: May 6, 2021 8:00 AM

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A.G. (Randy) Randol, Dr.

Self

Houston, TX

I strongly support SB1281. The bill recognizes that consumer interests need to be part of any consideration for investments in transmission infrastructure that WE PAY FOR. As we learned in February RELIABILITY must be also be an essential consideration in every instance.

The wind and solar generator lobby has to be weaned from the ERCOT grid. SB1281 is a crucial part of what needs to be fixed.

Texas consumers are already paying billions for the Competitive Renewable Energy Zone (CREZ 1.0) transmission line built for the benefit of the INTERMITTENT generators. This scheme was sold by a consultant hired by ERCOT. The consultant had a conflict: it had contracts with wind developers doing business in Texas, including Mesa Power (it ordered 667 turbines from the company at a cost of \$2 billion).

Some call this “socializing” the cost. In reality, it’s a subsidy for the generators responsible for the UNRELIABILITY of the grid that was in evidence during the February freeze event.

If the PUC hadn’t approved CREZ 1.0, we could have avoided many of the problems experienced in February.

This bill is necessary to counteract the threat of CREZ 2.0 as a result of HB1607.

The bill also provides an incentive for siting generation within three miles of the load served versus the siting of generation distant from the load.

The PUC’s decision in 2011 to eliminate the consumer benefit test for new transmission was another sweetheart deal for the benefit of the INTERMITTENT generators.

The legislature needs to provide explicit guidance to assure that the PUC can’t inflict another scam of the Texas consumer like CREZ 1.0.

The RELIABILITY of the Texas grid has to be a consideration in every PUC decision. Requiring a “consumer benefit test” is an important way to address the problem by building transmission projects based on sound economics before there is a reliability problem.

Mark Stover, Director

Apex Clean Energy

Austin, TX

Apex Clean Energy, a privately funded, American developer, owner, and operator of utility-scale wind, solar, and energy storage projects, writes to respectfully oppose SB 1281.

The transmission planning and approval process in Texas is outdated and cannot keep pace with our growing demand for power, economic growth, or the development timelines for new power generation. The transmission planning process breakdown is

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stressing the power grid, devaluing existing power plants, and is costing consumers well over a billion dollars a year (congestion costs in the form of higher power prices, including over \$500 million during Winter Storm Uri).

Unfortunately, SB 1281 will not fix the problem. What's more, the House already approved a solution to fix our transmission grid – HB 1607 (Darby/Lucio III/Hernandez/P. King/Hunter). We respectfully ask that you reject SB 1281 and continue to support HB 1607 as the Texas power grid solution.

SB 1281 could undermine HB 1607, which the House adopted 106-23. The language of SB 1281 was rejected on the House floor on April 29, 2021 by a vote of 112-31 as an amendment to HB 1607.

SB 1281 eliminates the ERCOT production cost savings test, which was greatly improved in HB 1607. The PCS test tends to understate benefits and overstate costs, so improvements to the PCS test are very much needed. HB 1607 is the preferred solution.

SB 1281 attempts to restore a “consumer” test the Legislature repealed 10 years ago. In its rule to repeal the consumer test, the Commission concluded that the consumer test should not be used for three reasons: 1. the test is very sensitive to input assumptions, 2. a transmission project that passes the test can result in a substantial number of customers paying higher prices, and, 3. the use of the test may result in generation resources not being built, thereby harming resource adequacy.

The previous “consumer” test produced only one transmission project and it benefited industrial consumers. SB 1281 takes us back to an ineffective transmission planning process.

The “consumer” test of SB 1281 is not defined – this bill creates uncertainty in transmission planning, the last thing Texas needs. HB 1607 has a more defined consumer test and other needed tests that will improve the transmission planning process. HB 1607 focuses on all consumers.

Finally, SB 1281 allows power lines less than three miles in length to avoid regulatory review at the Commission, but only lines to connect industrial load. SB 1281 excludes generation and energy storage, which defies explanation.

HB 1607 is a superior approach to resolving transmission issues in Texas. Please reject SB 1281.