

SUBJECT: Requiring weather emergency preparedness in ERCOT power region

COMMITTEE: State Affairs — committee substitute recommended

VOTE: 12 ayes — Paddie, Hernandez, Deshotel, Harless, Howard, Hunter, P. King, Lucio, Metcalf, Raymond, Shaheen, Slawson

0 nays

1 absent — Smithee

WITNESSES: For — JP Urban, AECT; Cyrus Reed, Lone Star Chapter Sierra Club; Katie Coleman, Texas Association of Manufacturers; Michele Richmond, Texas Competitive Power Advocates (TCPA); Julia Harvey, Texas Electric Cooperatives; Bruce Thames, Thermon, Inc.; (*Registered, but did not testify*: Jeffrey Clark, Advanced Power Alliance; Chance Sparks, American Planning Association Texas Chapter; Jamaal Smith, City of Houston, Office of the Mayor Sylvester Turner; Greg Macksood, Devon Energy; Daniel Womack, Dow, Inc.; Luke Metzger, Environment Texas; Tristan Castañeda, Exelon; Tom Oney, Lower Colorado River Authority (LCRA); Shera Eichler, Oncor Cities Steering Committee and Texas Coalition for Affordable Power; Danielle Delgadillo, South Texas Electric Cooperative (STEC); Joshua Houston, Texas Impact; Monty Wynn, Texas Municipal League; Russell T. “Russ” Keene, Texas Public Power Association; David Buntin, Thermon Inc.; Mance Zachary, Vistra Corporation; Georgia Keysor; Thomas Parkinson)

Against — Jeffrey Jacoby, Texas Campaign for the Environment

On — Michelle Brannon; Stan Brannon (*Registered, but did not testify*: Thomas Gleeson, Public Utility Commission of Texas)

DIGEST: CSHB 11 would require the Public Utility Commission (PUC) by rule to require each provider of generation in the ERCOT power region and each electric cooperative, municipally owned utility, and transmission and distribution utility providing transmission or distribution service in the

ERCOT power region to:

- implement measures to prepare facilities to provide adequate electric generation service or to maintain service quality and reliability during an extreme weather emergency;
- make efforts to prevent service interruptions during an extreme weather emergency and to reestablish service in the shortest time period after a service interruption; and
- make reasonable efforts to manage emergencies caused by service interruptions, including issuing instructions to employees on procedures to be followed.

The bill would define an "extreme weather emergency" as a period of time when:

- the previous day's highest temperature did not exceed 10 degrees Fahrenheit and the temperature was predicted to remain at or below that level for the next 24 hours; or
- the National Weather Service issued a heat advisory for any county in the relevant service territory or when such an advisory had been issued on any one of the previous two days.

The PUC would have to adopt rules by November 1, 2021, and the rules would have to address electric service for all neighborhoods, rural areas, communities of fewer than 1,000 people, and low-income areas in the ERCOT power region.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.

**SUPPORTERS
SAY:**

CSHB 11 would help ensure the reliability and resiliency of the ERCOT grid during extreme weather emergencies. In February, much of the state's power generation capacity was unavailable or went offline because of operations failures related to icy weather and low temperatures, contributing to widespread, extended power outages.

Currently, the Public Utility Commission (PUC) is required to analyze emergency operations plans developed by electric utilities and generation facilities and prepare a weather emergency preparedness report on power generation weatherization preparedness. The bill would address concerns about the implementation of this requirement and require the PUC to require generation and transmission and distribution facilities to weatherize infrastructure to withstand extreme cold and heat.

Texas has a diverse climate with varying temperature ranges so weatherization should not be approached as "one size fits all." By requiring the PUC to develop rules instead of setting specific standards in statute, the bill would mandate weatherization but be broad enough to provide flexibility to meet the needs of facilities across the state. The bill appropriately provides each entity the discretion to choose the best weatherization methods for its facilities.

CRITICS
SAY:

CSHB 11 would not adequately address the lack of winter weather preparedness of electricity infrastructure in the ERCOT power region. The bill would require only that the PUC adopt rules to require weatherization but would not include measures to ensure oversight and accountability. Such measures should be included, especially after issues related to PUC enforcement have been identified after the winter storm. Some possible enforcement mechanisms could include annual reports subject to independent review, a PUC inspection process, or regular audits. The bill should include a date by which facilities were required to weatherize and penalties for noncompliance, and facilities should be required to conduct self-testing to ensure systems are prepared should an extreme weather event occur.

To ensure reliability and resiliency of the electric system, the bill should address the whole supply chain. Natural gas provides a majority of electricity generation on the ERCOT grid, and disruption of the flow of natural gas to power plants has been identified as a contributing factor to the loss of generation during the winter storm. CSHB 11 should be expanded to include required weatherization standards for natural gas

facilities, including production facilities, compressors, and processing plants. The Railroad Commission should be provided adequate oversight and enforcement mechanisms.

OTHER
CRITICS
SAY:

The bill should use a statutory definition of power generation facilities to ensure it would not be interpreted too broadly and would apply to any type of generation that sold power into the market, including roof-top solar, backup generators, or others. The bill also should include specific weatherization standards based on federal reliability standards.

Amending the definition of extreme weather emergency would help provide clearer expectations of facility weather preparedness, as standards and methods could differ based on location. By using a specific temperature, the bill would not account for how weather varies across Texas or for how temperatures could be affected by climate change. The bill instead should identify extreme cold conditions using other criteria.