



To the members of the House Committee on Energy Resources and the House Committee on State Affairs.

Via hand delivery.

September 13, 2022

Re: Testimony by Public Citizen on Implementation of Senate Bill 3.

Dear Chairmen Goldman and Metcalf and members of the committee:

Public Citizen appreciates the opportunity to testify on implementation of Senate Bill 3. We appreciate the measures that have already been taken pursuant to SB 3 to make our grid more resilient and reliable. We are concerned that not enough has been done and that other opportunities have gone unused. In this testimony we urge aggressive implementation of SB 3 and further action to make our grid resilient, reliable, and affordable.

I. Concerns with the Railroad Commission’s Approach to SB 3 Implementation.

The RRC initially proposed a rule that did not actually distinguish among its facilities, labeling them all “critical” unless they opted out. This rule was criticized so heavily that it was withdrawn, leading to delay. Eventually the RRC did promulgate a rule that designated certain facilities as critical and prevented them from opting-out—a marked improvement over its first attempt.

We are concerned with proposed amendments to the RRC’s critical designation rule dated August 30, 2022.¹ RRC has proposed to increase the volumetric production threshold for applicability, reasoning that the change still leaves 78.4 per cent of the total natural gas produced each day designated as critical. We are concerned that further exemptions will lead to inadequate supply. This problem could be made worse if more LNG is exported from Texas in the future. Furthermore, if 98 per cent of facilities have complied with the weatherization rule as the RRC has claimed, then the remaining facilities number less than 400 and should not be much of an administrative burden.

The stated reason for exempting more facilities from critical designation in the August 30 rule proposal is that “electric utilities may experience a burden in prioritizing the facilities for load-shed purpose.” But this is precisely the purpose of the supply chain map. We would be interested to know whether this concern has been expressed directly by electric utilities or if it is just a theory proposed by gas facility operators.

¹ See <https://www.rrc.texas.gov/media/spybvshy/prop-amend-3-65-sb3-sig-08302022.pdf>.

The proposed amendments also remove 30 TAC §3.65(c)(2), which requires a facility that is not designated as critical under RRC rules but is nonetheless included in the Texas Electricity Supply Chain and Mapping Committee to complete form CI-D. Simply removing this section could lead to cases in which the Mapping Committee has included a facility on the map that is not designated as critical by RRC and the facility never alerts the Committee to the error. Rather than simply striking 16 TAC § 3.65(c)(2) from the rule, we recommend it be amended to require the improperly included facility to notify the Committee of the error.

II. Demand-Side Strategies are a Missed Opportunity in SB 3.

Demand-side strategies remain a major blind spot in the legislature's approach to grid resilience. A stable grid is the result of a balanced equation with demand on one side and supply on the other. Reducing demand—especially at peak—addresses the issue without simply generating more electricity. It is an approach that will save customers money. Many demand-side strategies such as home weatherization will also make homes more resilient during future weather extremes, including not only winter storms but also heat waves.

We recommend that the Public Utility Commission take up the Sierra Club's petition to increase the energy efficiency goal and the energy efficiency cost recovery factor.² Texas used to be the nation's leader in energy efficiency; now we have the weakest goal of any state with an energy efficiency standard. If the PUC does not answer Sierra Club's petition, we recommend the legislature pass a new energy efficiency goal. It is time to reclaim our position as a leader in forward-thinking energy policy.

Thank you for the opportunity to provide this testimony, if you wish to discuss our position further, I can be reached by email at ashelley@citizen.org or by phone at 512-477-1155.

Respectfully,

Adrian Shelley
Texas Director

CC: Rep. Ana Hernandez, Rep. Abel Herrero, Rep. Rafael Anchia, Rep. Tom Craddick, Rep. Drew Darby, Rep. Joe Deshotel, Rep. Charlie Geren, Rep. Sam Harless, Rep. Brian Harrison, Rep. Donna Howard, Rep. Todd Hunter, Rep. Phil King, Rep. Tracy O. King, Rep. Ben Leman, Rep. Oscar Longoria, Rep. Richard Peña Raymond, Rep. Ron Reynolds, Rep. Matt Shaheen, Rep. Shelby Slawson, Rep. John T. Smithee

² See PUC project 53971, available at <https://interchange.puc.texas.gov/search/filings/?ControlNumber=53971&UtilityType=A&ItemMatch=Equal&DocumentType=ALL&DateFiledFrom=08%2F01%2F2022%2000%3A00%3A00&DateFiledTo=08%2F25%2F2022%2000%3A00%3A00&FilingDescription=sierra%20club>.