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Date: March 4, 2025  
To: Chairman Charles Schwertner and the Members of the Senate Committee on Business & Commerce.  
CC: Sen. Phil King, Sen. César Blanco, Sen. Donna Campbell, Sen. Brandon Creighton, Sen. Nathan Johnson, Sen. Lois W. Kolkhorst, Sen. José Menéndez, Sen. Mayes Middleton, Sen. Robert Nichols, Sen. Judith Zaffirini  
*Via hand delivery and by email.*

**From: Adrian Shelley ([ashelley@citizen.org](mailto:ashelley@citizen.org)) and Kaiba White ([kwhite@citizen.org](mailto:kwhite@citizen.org)),  
Public Citizen, 512-477-1155**

**Re: SB 388, Energy Generation Goals - Public Citizen testimony against**

Dear Chairman Schwertner and Members of the Committee:

Public Citizen appreciates the opportunity to testify against SB 388, relating to the legislature's goals for electric generation capacity in this state. While we oppose SB 388 as written, we believe it could be amended in a way that we would support.

**Moving from a natural gas requirement to “dispatchable” is positive. “Dispatchable resources” would be ideal.**

Updating the law to reflect that it is dispatchable energy resources, not just natural gas generation, that provides a certain value to the grid is a positive change to current law. We believe that a better update would be a goal for “dispatchable resources” not “dispatchable generation.”

To maintain grid stability, supply and demand must be aligned at all times. Increasing energy supply to match demand is one option, but not the only one—and often not the most affordable one. Demand response—reducing loads/demand—is an important resource that is utilized by ERCOT to ensure grid reliability. Demand response is also utilized by utilities to maintain affordability for customers. Smart thermostats in homes are one example. Energy storage should also be included in the definition of dispatchable resources, whether paired with a generation source or not. Battery energy storage capacity has been increasing dramatically in the ERCOT market and has already helped to ensure grid reliability problems and reduce prices during periods of high demand.<sup>1</sup> Customer-sited batteries can also be aggregated to provide a dispatchable resource to the grid. Aggregated distributed energy resources, such as a large collection of solar installations on residential and small commercial buildings, can also function as a dispatchable resource. This is sometimes referred to as a “virtual power plant.” Because

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<sup>1</sup> See <https://comptroller.texas.gov/economy/fiscal-notes/infrastructure/2024/battery-store/>.

these dispatchable energy resources can provide the same reliability service as dispatchable generation, we believe this change is appropriate.

### **Evaluate how much dispatchable resources are needed.**

There's no doubt that dispatchable energy resources are needed on the grid. But how much are needed? SB 388 sets a requirement that 50% of all new generation be dispatchable, but we are not aware of any study by ERCOT, the PUC or any other entity that had determined that proportion to be optimal, or even an improvement from the status quo. Maintaining a reliable electric grid is a complex technical challenge. Solutions should be well-grounded in analysis of the relevant facts. Public Citizen recommends that SB 388 be amended to direct the PUC and ERCOT to conduct a comprehensive analysis to determine the optimal mix of dispatchable and non-dispatchable energy resources to balance reliability and affordability.

### **State the needed dispatchable energy capacity rather than mandating a percentage.**

Establishing a Dispatchable Energy Portfolio Standard could be positive for the ERCOT grid. The amount of dispatchable energy needed is connected to the total load, or demand for electricity, not to the other resources available. It's not the percentage of dispatchable energy that matters, it's the megawatts available. Just as Texas' Renewable Energy Portfolio Standard was stated in megawatts,<sup>2</sup> so should a Dispatchable Energy Portfolio Standard. A percentage goal would almost certainly limit the amount of wind and solar that could be deployed on the grid, without guaranteeing that more dispatchable resources are brought online.

The Texas Energy Fund set a goal of 10,000 MW of new generation. That might be a good number to start with. We should note, though, that to date the Texas Energy Fund has not generated a single megawatt of new energy.

### **Limiting solar and wind deployment would increase consumer prices.**

Solar and wind energy make up an increasingly large share of generation serving ERCOT—they met more than 75 per cent of demand on March 2, 2025.<sup>3</sup> The sources of generation have been instrumental in maintaining reliability and affordability.<sup>4</sup> Between 2010 and 2022, wind and solar resources saved Texas consumers \$28 billion.<sup>5</sup>

Artificially limiting the amount of wind and solar energy on the ERCOT grid could increase prices and is counter to the principle of energy market deregulation. If a dispatchable target makes sense for ERCOT, it should be set independently of the market share of wind and solar.

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<sup>2</sup> The RPS goals were 5,880 MW by 2015 and 10,000 MW by 2025. Both were exceeded. See <https://www.ncsl.org/energy/state-renewable-portfolio-standards-and-goals>.

<sup>3</sup> See <https://x.com/dougwinenergy/status/1896253697346379820>.

<sup>4</sup> See <https://www.canarymedia.com/articles/clean-energy/solar-and-batteries-are-helping-texas-weather-heatwaves-heres-how>.

<sup>5</sup> See [https://static1.squarespace.com/static/652f1dc02732e6621adb2a3a/t/654c18ab429bff755521bebb/1699485868333/1deaSmiths\\_CFT\\_ERCOT\\_RE\\_FINAL.pdf](https://static1.squarespace.com/static/652f1dc02732e6621adb2a3a/t/654c18ab429bff755521bebb/1699485868333/1deaSmiths_CFT_ERCOT_RE_FINAL.pdf).

**Loads, not generators, should be responsible for meeting a dispatchable energy requirement.**

Making generators responsible for meeting a dispatchable energy requirement is impractical. Many companies specialize in one type of resource or another. Setting a requirement as written in SB 388 would force most companies doing business in ERCOT's generation market to engage in a pointless exercise of buying and selling credits. Furthermore, because it might be difficult to attract certain types of new generation to the grid, credits might be scarce.<sup>6</sup>

Loads, on the other hand, often have diverse energy portfolios and are much better equipped to adjust procurements to meet a new dispatchable energy requirement, rather than just buy and sell credits.

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<sup>6</sup> Two companies that received Texas Energy Fund awards have already cancelled their projects due to supply chain difficulties. See <https://www.rtoinsider.com/98501-texas-energy-fund-projects-withdrawn-consideration/>.