



December 7, 2022

Sunset Advisory Commission

PO Box 13066

Austin, Texas 78711

Via hand delivery and online submission to <https://www.sunset.texas.gov/>.

CC: Sen. Nathan Johnson, Sen. Angela Paxton, Sen. Charles Perry, Sen. Drew Springer Jr., James Lee, Vice Chairman Justin Holland, Rep. Keith Bell, Rep. Terry Canales, Rep. Tarvis Clardy, Rep. Craig Goldman, Jeff Austin III

Re: PUC/ERCOT Town Hall Transcripts

Dear Chairman Schwertner and Commission Members:

On Nov. 29, 2022, Public Citizen led a virtual town hall on the Sunset of the Public Utility Commission of Texas (PUC), the Electric Reliability Council of Texas (ERCOT), and the Office of Public Utility Counsel (OPUC). People across Texas joined this town hall to voice their concerns about the PUC and ERCOT. They also shared their desire for the agencies to implement policies and standards to improve energy efficiency, address the rising cost of electricity, and provide greater stability to our state's electric grid.

This document includes transcripts of written testimony delivered at this online town hall. The transcribed comments are submitted on behalf of the individuals who made them and provided for your consideration and inclusion in the official record of the Sunset Advisory Commission's review of the PUC, ERCOT, and OPUC. We can provide the individuals' full names and contact information by request.

We appreciate this opportunity to provide these comments.

Respectfully,

Adrian Shelley
Texas Director
Public Citizen

Transcript by otter.ai with edits from José Medina, Public Citizen press officer

**Gregg W
Allen**

Being a person attached to physical construction, I've been long concerned that there's a structural imbalance. Most electrical systems are just cobbled together -- they add this, attach that, replace something in between. I think the overall construction of our grid system here is really out of whack. We have huge production in the west of wind and solar. And oftentimes at peak times, those windmills, for instance, are not turning because there is not enough capacity to take it to Houston and Austin, and Dallas. And so structurally, I think we would need to emphasize the capital investment required to correct that.

The other thing that I think is critically important: We sometimes want to call ourselves the energy capital of the world. But what I think is really important is we have to be able to sell outside the boundaries, and that requires interconnection. And without doing that, I think it's sheer hubris to maintain this closed system, this little cell that we're in. I don't think it's sustainable. It absolutely is not sustainable. And it is way too expensive to have boutique power production on a state level.

**Craig N.
Austin
Lone Star Chapter of the Sierra Club**

I'm the conservation chair of the state chapter of the Sierra Club.

Climate change is real and it's happening now. And also technology is increasing and improving -- both of those things are happening. In order for the people of Texas to adapt to a new set of circumstances, we need to have the ability to change. What that means in this case is renewable energy.

Renewable energy right now is the cheapest form of energy, and the price is falling. The problem is people can produce renewable energy themselves now. You can get solar cells on top of your house, and they can produce a lot of your energy. But if you get your energy from another company, and you are actually going to need energy sometimes and not other times, the private companies supplying energy have to allow people to buy into that. The problem is they are going to lose customers this way. Because energy is going to get cheaper. A for-profit company is going to resist that. So the PUC has to represent the people, as well as for-profit energy companies. It can't be just about what's best for the poor for-profit energy companies.

This is a transition; it's going to take time, and it's going to have to happen. We have to look forward down the road because this is what's going to save the people of Texas. This going to enable us to survive with rising prices and greater energy demand as the temperature gets hotter, and we need to keep our homes cooler. This is something that the PUC has to be looking forward to now, and they have to have the ability to do that and the money to do that. And they have to have the gumption to do that and stand up to for-profit companies that are only going to be interested in their bottom line.

Donna T.
Fort Bend County
Fort Bend-Houston Organization

I would love the Sunset review to make everybody accountable for their mission statement. They're there to protect the safety and health. If they're not going to do what they're saying their mission is, why do they have the missions on their website? Why did they actually tell everyone this is what they're going to do for us, but they're failing us for years and years and years. And Sunset review, why are they going on a five-year review on some of these issues with these commissions? Well, I think they could do five years on everybody.

Rita R
Denver Harbor
Coalition for Environment, Equity and Resilience (CEER)

My name is Rita R., and I'm a Denver Harbor resident, but I also speak for our sister communities -- Fifth Ward, Kashmere Gardens, Settegast, and Lakewood -- because I work with CEER.

With the PUC, I'm just very concerned because they keep having these permit renewals and they lay out what they say they're going to do, but in actuality, they don't do that. Or it's something that's already obsolete. And so, I'm very concerned about the grid. One of the things that they're part of with TCEQ and the Sunset review that I know you said we had reserves and we should be OK. But I still have a lot of anxiety about that. Many people in my area are elderly, disabled, handicapped, and they're just blue-collar kind of people. So, when something like this happens, it doesn't just affect them for a day or two or a week or a month. It affects them long-term -- a year, possibly even longer.

We have lots of people here that are still waiting on repairs from Harvey or applied various times and had trouble with all the red tape, and then just out of disgust got tired of waiting and just stopped. It can't be that way. It just seems that this red tape is there to stop people. But it should not be that complicated. If you apply and you have all your ducks in a row, then you should let them know they're approved and go on from there, and that way they can live the rest of their lives. But people here from Harvey, from Uri --it's

just a lot, and these high electricity bills are just killing people, high water bills are just killing people there. They're having to rob Peter to pay Paul. They'll be behind on the rent, or they're going to get a disconnect notice before they can actually pay it. It's just too much, and I think something needs to be done, and they're not doing enough.

Steve S. (Submitted as a written comment)
Houston native currently residing in Washington, D.C.
American State Litter Scorecard

ERCOT still has 100 percent WHITE-ID membership! PUC board members' composition is also 100 percent WHITE!

2020 Census

- 39.3 percent of Texas total population is Hispanic or Latino in origin
- WHITE barely 50 percent.
- About 10 percent ID are a combined Black/Asian/Native American/all others.

What's public service's calling, to serve ALL TEXANS regardless of constituent skin color? These ERCOT/PUC leaders act WAY TOO MUCH like private Servants, not public ones!

We Texans are, without question, allowing the two boards to have 100% non-Hispanic WHITE compositions, controlling the living quality of 60% of Texas' TOTAL population that happens to be NON-WHITE.

Some Texans may argue these two boards' missteps are conducted by racist private servants.

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Re: PUC/ERCOT/OPUC Sunset Review Comments

Dear Chairman Schwertner and Commission Members:

Public Citizen appreciates the opportunity to provide comments to the Sunset Advisory Commission on the Sunset review of the Public Utility Commission of Texas (PUC), the Electric Reliability Council of Texas (ERCOT), and the Office of Public Utility Counsel (OPUC). We believe that these agencies should turn their focus to their customers: in robust public participation, in demand-side strategies, and in the public's interest in clean, reliable, affordable electricity.

We agree with the six recommendations in the Sunset Report and we agree with their analysis in comments submitted by the Sierra Club. We see a common theme throughout the report's recommendations: these agencies are not public-facing and have not been given the resources they need to truly serve the public interest. We believe the two general recommendations below address this theme.

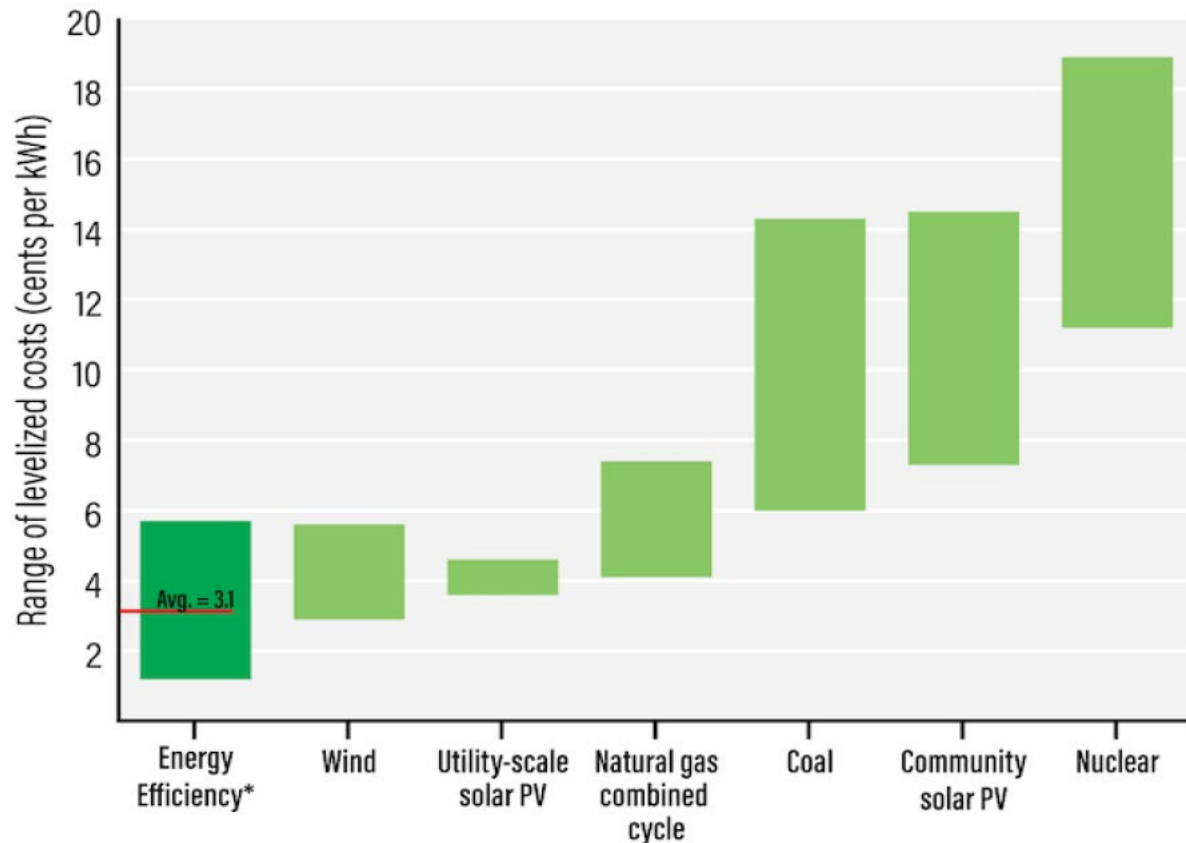
Demand side strategies—especially energy efficiency—can fix our grid and provide considerable public benefits.

The review of Texas' electricity market design and the Sunset review of PUC/ERCOT/OPUC are distinct but related undertakings. Both actions are suffering from the same lack of attention paid to the customer. Our leading recommendation in the market redesign process—to focus on demand-side solutions, especially energy efficiency—is therefor relevant to the Sunset review process.

There was a time when Texas led on energy efficiency. We were the first state with an energy efficiency resource standard (EERS). Today, among the twenty-seven states that have an EERS, we achieve the lowest annual savings, about 0.2% a year.¹ It is time for Texas to update its EERS. We agree with the Sierra Club's recommendation to create an Office of Energy Efficiency and Demand Response.

¹ See Hebert, Christine, "SPEER Review of the Texas IOU Energy Efficiency Programs" (Feb. 2019) at p. 4.
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Energy efficiency is the cheapest form of energy, as this levelized cost comparison illustrates:²



*Notes: Energy efficiency program portfolio data from Molina and Relf 2018. Represents costs to utilities or program administrators only, including shareholder performance incentives if applicable. All other data from Lazard 2018 Unsubsidized Levelized Cost of Energy Comparison.

According to a recent report by the American Council for an Energy-Efficient Economy,³ Texas could spend \$4.9 billion over five years on demand side strategies to achieve:

- 11,400 MW of winter peak load reduction,
- 7,650 MW of summer peak load reduction, and
- 9 million households worth of energy efficiency and demand response upgrades.

Once this investment is made, it will save customers money and provide benefits to our grid for 10-20 years.

² *Id.* at p. 5.

³ "Energy Efficiency and Demand Response: Tools to Address Texas's Reliability Challenges" American Council for an Energy-Efficient Economy (Oct. 2021) available at https://www.aceee.org/sites/default/files/pdfs/energy_efficiency_and_demand_response_for_texas_10-13-21_final_0.pdf.

Texas' energy market is an equation, with supply on one side balancing demand on the other. If the goal is simply to balance that equation, there is no difference between a strategy that adds energy supply and one that reduces energy demand. None of the supply-side proposals that have come out of the PUC market redesign process have offered supply as cheaply as these demand-side proposals, which would cost an average of 5.6 cents/kWh over their lifetimes.⁴

The fact that the demand side of the equation has been completely ignored is a symptom of a broken system. It is a failure of leadership at the PUC, the legislature, and the highest ranks of Texas government.

This oversight is all the more concerning when the benefits to utility customers are considered. These residential strategies identified in the ACEEE report will provide myriad benefits to everyday Texans:

- Program to replace electric furnaces with ENERGY STAR® heat pumps
- Attic insulation and sealing incentive program
- Smart thermostat incentive program
- Heat pump water heaters incentive program
- Central air conditioner demand response program with smart thermostat control
- Water heater demand response program
- Electric vehicle managed charging program⁵

These are strategies that will lower residential energy use, reduce bills for customers, and help keep homes cooler in the summer and warmer in the winter. Texas must get serious about these people-centered strategies now. This brings us to our second point:

The PUC must serve the public interest and involve the public in decision-making.

During the electricity market redesign that occurred in the late 1990s, eight Texas utilities participated in a weekend of “deliberative polling” of everyday Texans.⁶ Randomly selected ratepayers were paid to participate in a weekend long public input opportunity. The result was a finding of “strong support for renewable sources and for improving energy efficiencies and conservation, weak support for prioritizing the use of fossil fuels.”⁷ What followed was the largest investment in clean energy in United States history.

More than twenty years later, Texans still support clean energy, energy efficiency, and a transition away from fossil fuels. But the public's voice has been left out of the present market redesign. The PUC is

⁴ This cost estimate by ACEEE is slightly higher than the older cost comparison found in the SPEER report above.

⁵ *Id.* at p. vi.

⁶ See McGrath, Mike “Deliberative Polling and the Rise of Wind Power in Texas” National Civic League (Spring 2020: Vol. 109, No.1) available at <https://www.nationalcivicleague.org/ncr-article/deliberative-polling-and-the-rise-of-wind-power-in-texas/>.

⁷ *Id.*

conducting its business without public input. Publicly released materials rely on technical language and jargon that is incomprehensible to an interested outsider. Opportunities for public input are narrow and underused. Specific recommendations for improved public participation are included in comments by the Sierra Club. Briefly, they include:

- Expanding the PUC's mission to include protection of public health.
- Making PUC meetings more accessible by holding them around the state, allowing online comments, and allowing comment on agenda items.
- Opening PUC workshops to include public input and offering basic information in plain language.
- Expanding language access by providing writer materials in additional languages.
- Quarterly public reporting in plain language.
- Including stakeholders in ERCOT who represent demand-side interests.
- Treating residential customers as market participants.

The PUC has taken a first step in the recent creation of the Office of Public Engagement. In developing this office, we recommend the agency take inspiration from the U.S. Federal Energy Regulatory Commission's newly created Office of Public Participation.⁸ The functions of the FERC OPP include direct public outreach and education, technical assistance, and funding to intervenors in FERC proceedings.

We appreciate this opportunity to provide these comments.

Respectfully,

Adrian Shelley
Texas Director
Public Citizen

⁸ See <https://www.ferc.gov/OPP>.