



Texas Electric Cooperatives

December 12, 2022

Ms. Jennifer Jones
Ms. Emily Johnson
Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711

RE: Comments of Texas Electric Cooperatives, Inc. regarding Sunset Advisory Commission recommendations for the Public Utility Commission, Electric Reliability Council of Texas, and the Office of Public Utility Counsel

Dear Ms. Jones and Ms. Johnson:

Texas Electric Cooperatives, Inc. (“TEC”) respectfully submits these comments in response to the Sunset Advisory Commission staff’s (“Sunset staff”) recommendations regarding the Public Utility Commission (“PUC”), the Electric Reliability Council of Texas (“ERCOT”) and the Office of Public Utility Counsel (“OPUC”). TEC is the statewide association of electric cooperatives operating in Texas, representing its members except as their interests may be separately represented.¹

I. Comments

First and foremost, TEC appreciates the immense efforts of the staffs of PUC, ERCOT, OPUC, and Sunset Commission in reviewing these three agencies. As the statewide association representing the state’s electric cooperatives, TEC maintains great respect for each of these entities and the functions they perform.

TEC supports Sunset staff recommendations 5.1 and 6.1 to continue the PUC and OPUC until September 1, 2029, with an abbreviated timeline for a subsequent Sunset review in six years. These agencies both serve very different and vital roles in the regulation of public utilities and customer protection. TEC agrees that the substantial amount of ongoing reform to PUC rules and policies necessitates an accelerated review in 2029.

¹ TEC’s 75 members include distribution cooperatives that provide retail electric utility service to approximately 4,000,000 consumers in statutorily authorized service areas that encompass more than half of the total area of the state. TEC’s G&T members generally acquire generation resources and power supply for their member distribution cooperatives and deliver electricity to them at wholesale. TEC’s member cooperatives are generally characterized as low density, rural systems, serving an average of about six electric meters per mile of distribution line.

TEC further supports Sunset staff recommendations 1.1 and 3.1 to increase PUC funding and staffing to allow for a more robust and effective regulatory authority. As the state's regulator of utility industries, the PUC operates in a complex cross-section of state and federal statutes and rules. The PUC's broad responsibilities related to the electric, water, and telecommunications industries requires substantial personnel and expertise. Relative to the complexity and volume of work, the PUC is understaffed, which makes their job of regulating complex industries a difficult one. The additional resources described in recommendations 1.1 and 3.1 will allow the PUC to more effectively oversee the various industries under their jurisdiction in a way that should also yield benefits to the affected industries. Although the PUC has limited jurisdiction over electric cooperatives, TEC's member systems and their member-owners benefit from a professional, consistent, and well-staffed regulatory agency to support PUC's core objectives: protect customers, foster competition, and promote high quality infrastructure.

Finally, TEC supports recommendation 1.2, insofar as it acts to formalize the process by which the PUC issues directives to ERCOT. Under the current paradigm, PUC may issue informal directives to ERCOT verbally, verbally and in writing, or verbally, in writing, and with a vote of the Commissioners. These directives can have significant impacts on market participants, especially those with more limited resources, such as small electric cooperatives operating in rural areas. Unfortunately, there is no process in place to provide comment or recommendations on these informal directives issued from the dais, and, in some cases, there is no written record of the directive. TEC appreciates the recognition by Sunset staff for the need to provide a comment process for those potentially affected by such directives. TEC further asks that directives from the PUC to ERCOT, which occur outside of a rulemaking or contested case, include a vote by the full PUC and an order formalizing the directive. Requiring an order would create an avenue for appeal and better enable due process. Under the current practice, the only record of certain directives may be an archived video recording of the PUC's Open Meeting. Directives should be documented to create a "paper trail" to allow the public to understand and reference prior PUC directives. TEC does not expect the issuance of an order to create delay or impede the ability of PUC to take quick action where appropriate. Further, requiring a more formal process for would not impinge on the PUC's authority over ERCOT. TEC believes these directives should occur in limited circumstances to address an emergency situation as defined by the Legislature.

II. Conclusion

TEC appreciates the opportunity to provide comment on the Sunset staff recommendations for the continuation of PUC, ERCOT and OPUC. TEC does not take a position on any recommendation not specifically mentioned herein. We look forward to working collaboratively with Sunset staff, PUC, ERCOT, OPUC and the Legislature in our efforts to provide secure, reliable, and affordable electric service.

Dated: December 12, 2022

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Williams", with a large, stylized initial "M" and a horizontal line extending to the right.

Mike Williams
President and CEO
Texas Electric Cooperatives, Inc.