

# PUBLIC UTILITY COMMISSION OF TEXAS

## ELECTRIC RELIABILITY COUNCIL OF TEXAS

### OFFICE OF PUBLIC UTILITY COUNSEL

#### Issue 1

Without Additional Resources and Clear Decision-Making Processes in Place, PUC Cannot Truly Fulfill Expectations for Ensuring a Reliable Electric Grid.

#### Change in Appropriation

##### **Rec. 1.1, Adopted as Modified**

The House Appropriations and Senate Finance committees should consider appropriating PUC its exceptional item requests for funding a data analytics team and additional engineering expertise. As a management action, direct PUC to work with the Legislative Budget Board and Sunset Commission staff to update the agency's General Appropriations Act performance measures to track the agency's achievement in using the funds appropriated by the exceptional item requests identified in the recommendation. PUC would also update the Sunset Commission on the status of the recommended performance measures by February 15, 2023.

#### Change in Statute

##### **Rec. 1.2, Adopted as Modified**

Authorize PUC to issue directives to ERCOT through written memos and orders, in addition to rulemaking and contested cases, and authorize stakeholders to formally provide input on these directives. Clarify that PUC can only direct ERCOT outside of these methods in an emergency or other urgent situation that poses an imminent threat to public health, safety, or grid reliability. If PUC's direction to ERCOT is still necessary 72 hours after the emergency or urgent situation, PUC must use the more formal process established under the recommendation to provide documentation of its direction to ERCOT.

As a management action, direct the ERCOT chief executive officer to provide an update about any new directive issued by PUC to ERCOT at the first ERCOT board meeting following the directive's issuance.

**Rec. 1.3, Adopted**

Clarify PUC's authority over ERCOT protocols to include the ability to reject or remand them.

**Rec. 1.4, Adopted**

Authorize ERCOT to restrict commissioners' presence at executive sessions.

**Rec. 1.5, Alternative Recommendation Adopted**

Replace the original staff recommendation to consolidate three electric industry reports. Instead, continue the *Long Term System Assessment Report* and *Grid Reliability Assessment* as separate reports in statute and consolidate the *Report on Constraints and Needs* with other key information into a new *Electric Industry Report*. Specifically, this new report would not only include information previously contained in the *Report on Constraints and Needs* but would summarize key findings from the *Long Term System Assessment Report* and *Grid Reliability Assessment*. The *Electric Industry Report* would also clearly outline other basic information about the electric grid and market in Texas, such as generation capacity, customer demand, and transmission capacity currently installed on the grid and expected in the future. Require ERCOT, in coordination with PUC, to submit the *Electric Industry Report* to the Legislature by January 15 of odd-numbered years. PUC and ERCOT should work together to ensure the report's content is provided in a nontechnical and easy-to-understand manner for legislators and the general public with little knowledge of the industry.

Management Action**Rec. 1.6, Adopted as Modified**

Direct PUC to develop a state reliability standard no later than May 1, 2023.

**Rec. 1.7, Adopted**

Direct ERCOT to re-evaluate its performance measures, with input from PUC.

**Rec. 1.8, Adopted**

Direct PUC, in coordination with ERCOT, to approve assumptions used in electric industry reports.

**Rec. 1.9, Adopted**

Direct the commission to develop policies regarding separating commissioner roles and responsibilities.

## **Issue 2**

To Restore Trust, PUC Needs to Further Improve Its Public Communication Efforts.

### Change in Statute

#### **Rec. 2.1, Adopted**

Require PUC to develop and regularly update a strategic communications plan.

#### **Rec. 2.2, Adopted**

Require PUC to allow public testimony at commission meetings on agenda items.

### Management Action

#### **Rec. 2.3, Adopted**

Direct PUC and ERCOT to create a guidance document to better coordinate public communications.

#### **Rec. 2.4, Adopted**

Direct PUC to provide up-to-date, easily accessible information as part of its current website redesign efforts.

#### **Rec. 2.5, Adopted**

Direct PUC to prepare minutes of commission meetings and provide them on its website.

## **Issue 3**

PUC Needs Additional Resources and Attention Focused on Its Water and Wastewater Regulation to Avoid Overburdening Utilities and Their Customers.

### Change in Appropriation

#### **Rec. 3.1, Adopted as Modified**

The House Appropriations and Senate Finance committees should consider increasing PUC's appropriation to ensure it can recover its costs to regulate water and wastewater utilities efficiently. As a management action, direct PUC to work with the Legislative Budget Board and Sunset Commission staff to update the agency's General Appropriations Act performance measures to track the agency's achievement in using the funds appropriated by the exceptional item requests identified in the recommendation. PUC would also update the Sunset Commission on the status of the recommended performance measures by February 15, 2023.

## Change in Statute

### **Rec. 3.2, Adopted**

Amend statute to extend the length of an emergency temporary manager appointment.

## Management Action

### **Rec. 3.3, Adopted**

Direct PUC to comprehensively review its water and wastewater rules, processes, and guidance documents to identify and address areas for improvement.

## **Issue 4**

PUC's Poor Data Practices and Lack of Policies and Procedures Limit Its Ability to Best Allocate Resources and Serve the Regulated Community.

## Management Action

### **Rec. 4.1, Adopted**

Direct PUC to develop a plan to prioritize improving its case data collection and analysis.

### **Rec. 4.2, Adopted**

Direct PUC's Legal Division and Office of Policy and Docket Management to develop comprehensive policies and procedures.

### **Rec. 4.3, Adopted**

Direct PUC to create and maintain a precedent manual, prioritizing rulings related to water and wastewater regulation.

### **Rec. 4.4, Adopted**

Direct PUC to update its contract manager guide and handbook.

## **Issue 5**

Texas Has a Continuing Need for PUC.

## Change in Statute

### **Rec. 5.1, Adopted**

Continue PUC for six years and remove the Sunset date of the agency's enabling statute.

### **Rec. 5.2, Adopted**

Update the standard across-the-board requirement related to commissioner training.

### **Rec. 5.3, Adopted**

Abolish two and modify four of PUC's reporting requirements.

### Management Action

### **Rec. 5.4, Adopted**

Direct PUC to update its policy guiding the agency's rule review process to ensure identified deficiencies in the rules are addressed.

## **Issue 6**

The State Has a Continuing Need for OPUC, but the Agency Should Strengthen Its Processes for Contracting With Legal Expert Witnesses.

### Change in Statute

### **Rec. 6.1, Adopted**

Continue OPUC for six years and remove the Sunset date of the agency's enabling statute.

### Management Action

### **Rec. 6.2, Adopted**

Direct OPUC to formalize and document certain contracting processes for legal expert witnesses.

## **Adopted New Recommendations**

### ***ERCOT Governance***

- In addition to the chair of PUC, add an additional commissioner as a nonvoting member of the ERCOT Board of Directors. Each commissioner will serve as the PUC designee on a rotating basis. The designee will rotate each calendar year beginning in the order they were first appointed to the commission.
- Amend Utilities Code Section 39.1511(a) to specify that ERCOT may enter into executive session closed to the public only to address contracts, competitively sensitive information, information related to the security of the regional electrical network, or any matter authorized under Government Code Section 551, Subchapter D (Open Meetings Act) that also applies to PUC.

- Direct ERCOT to include appropriate funding in its budget for qualified economic planning staff to conduct robust economic analyses for transmission planning and other market or planning studies requiring economic analysis. (Management action - nonstatutory)