

**The Senate Committee on Business & Commerce**

**Senator John Carona, Chairman**

10:00 AM on Tuesday, January 10, 2012 in  
Room E1.016 of the Texas Capitol Extension

**PRESENTATION ON BEHALF OF  
TEXAS RENEWABLE ENERGY INDUSTRIES ASSOCIATION**

**Robert A. Webb, Chair of TREIA Legal Committee**

Since January 2011, when the 82<sup>nd</sup> Regular Session of the Texas Legislature convened and the Texas Renewable Energy Industries Association (TREIA) last adopted a set of legislative goals and priorities, an astonishing number of adverse developments have strained the continuing ability of ERCOT to match electric loads with an adequate supply of electricity.

The initial events occurred in early February 2011, as an extended freeze across wide sections of ERCOT knocked out generators and their fuel supplies. There was a surprise need to resort to rolling blackouts with little warning to consumers, regulators and other government leaders. This Committee met to take testimony on why both ERCOT and the generators seemed to have been unprepared to handle the cold weather. Various studies were made and plans developed. Now as the coldest part of the winter approaches we will see how everything holds together.

**Threats to Meeting Growing Electric Demand in ERCOT**

In the meantime, however, new threats to the overall adequacy of ERCOT's generation have arisen. We have seen record heat and drought in Texas, nuclear disaster in Japan, and state-federal conflicts over environmental regulations. Some of these threats are forces of nature, some are the impacts of disasters in other parts of the world and some are the result of political decisions at the levels of local, state and federal government. Overriding these factors is the continued weakness of the Nation's economy, especially the paralysis of our banking and financial institutions is providing capital for the facilities Texas needs to meet its unique continuing growth in electric demand. All of us face a common challenge to do what is necessary to keep our ERCOT generating capacity sufficient to meet the needs of the Public.

### **Recommended Near-Term Actions**

What can be done in the short term to increase generation to meet peak load? TREIA suggests the following:

- Support utility-scale solar projects that are ready to build. Only solar and wind projects can be completed in the near term, because they do not need air or water quality permits and are not impacted by concerns about fuel prices, carbon limits or changing EPA rules. In addition, solar generators can be built in increments with the first panels providing power to the grid while the remainder of the project is being built out.
- Adopt the renewable energy credits for 500 MW of non-wind renewables authorized by the Legislature in 2005, but not yet implemented by the Public Utility Commission. There is already an extensive body of work on the proposed plan at the PUC and a final rule could be adopted quickly.
- Make sure that private barriers to distributed generation, especially solar panels for residential and small commercial consumers, are removed. We still have real estate developers barring solar panels until their subdivisions are completely built out. This thwarts homeowner efforts to do their part in moving to clean energy alternatives.
- Encourage energy efficiency by getting the most out of energy production, such as combined heat and power (CHP) projects and the most efficient use of alternative energy sources.

There are many other things that need to be done at the state and federal levels to devise and implement a sensible energy policy that brings together all of the best features of energy alternatives. In the near term, however, renewable electric generation is only viable source of additional electric generation for Texas.

TREIA Thanks the Committee for its timely inquiry into the adequacy of electric supply in ERCOT and looks forward to working with other stakeholders in working out solutions to the problems of providing incentives for market-based generation.