



Tuesday, June 29th, 2021

The Honorable Greg Abbott, Governor

Office of the Governor
P.O. Box 12428
Austin, Texas 78711-2428

Re: Special Session

Dear Governor Abbott,

Recently, you announced that a new special legislative session would begin on July 8th. While you have not formally announced what you will add to the special session, it is widely expected that voting issues, bail reform, and funding of the legislative branch of the government will be among the topics addressed. We are writing to ask that you add topics that will directly address short- and longer-term issues facing hundreds of thousands of Texans: customer relief from electric bills, including targeted demand-side programs, drought management, and in general, resiliency for our electric grid and water systems facing weather extremes.

While many organizations did believe that progress was made on electricity reform, with passage of SB 2, SB 3, SB 2154 and other bills related to PUC and ERCOT reform, an important constituency was left out of that equation: customers—and corresponding demand-side reforms. ERCOT's recent statewide call for energy conservation emphasized both the role for individuals to take action to help the grid and the need for additional grid resiliency measures. In fact, rather than rely solely on voluntary conservation, our recent grid challenges demonstrate the need to pass real reform so that residential customers can participate more fully in the electric market through demand response, distributed energy technologies and through more traditional energy efficiency programs.

While the legislature did pass - and you did sign - important bills to "securitize" gas and electric bills which will indirectly benefit some electric consumers, the fact is that with

the recent decision by the PUC to end the moratorium on shut-offs, electric customers are facing extraordinary costs, with or without decisions on securitization. Securitization itself will not decrease costs to consumers; it will spread out those costs--and added payments for interest. Meanwhile, just as the hot weather is putting stress on our electric grid, historic droughts -- particularly in West Texas -- are stressing our water resources. Solutions targeting water conservation and alternative uses of water would be of the utmost important to thousands of residents, farmers and industries that may not be able to continue to operate normally without action by the state.

Therefore we ask that you consider adding the following specific topics to the Special Session:

- Targeted ratepayer assistance, particularly for low income Texans.
- Energy Efficiency & Demand Response Programs, in both the competitive ERCOT market, municipal utility and electric cooperatives, and outside of ERCOT.
- Grid reliability, including expanding distributed resources by assuring full market access for these new, hyper-local resources.
- Drought relief, particularly through expanded water conservation and programs designed to stem water loss.
- Use of federal funds for energy & water infrastructure for making our electric and water grids resilient.
- State planning for climate change.

Rate Payer Assistance. Last week, customers across the state received utility disconnect notices following the PUC decision to end the moratorium. Texans are struggling and power prices will almost certainly go up this year. We should be taking care of Texans by providing targeted ratepayer assistance for those at risk of utility shut offs, and expanding the use of demand-side management through energy efficiency, demand response and distributed generation technologies.

There's nothing more Texan than Texans helping Texans in need. We're a bighearted state. Let's act like it. Assistance is needed but it needs to be targeted. Some people don't need it and some need it badly. The state eliminated the System Benefit Fund in 2016 even though it helped 700,000 families in need. Consumer education, payment assistance and direct weatherization of inefficient homes and businesses are all issues that should be addressed.

Second, we must expand our **energy efficiency programs** which are now dead last in the country. Efficiency is a form of direct ratepayer assistance but not as a one time deal. It continues to deliver savings all year for decades. Texas was the first state to

adopt an Energy Efficiency Resource Standard, but now is dead last among states that have such a goal. Let's expand our programs that help those who need to reduce energy use the most. Other potential programs such as creating a revolving loan program for energy efficiency retrofits, adopting water and energy-efficient appliance standards, and targeting TDHCA weatherization programs are also potential solutions to reduce peak energy use.

Third, instead of just calling for conservation, let's pay people to reduce at peak.

If you instead paid people to reduce at peak, it helps Texans, increases the resilience of the grid, and lowers prices for ALL. Every person who signs up for demand response programs helps lower prices. Assuring that all electric cooperatives, municipal utilities and retail electric providers offer at least minimal programs for residential and small commercial demand response would be a place to start.

Similarly, adding distributed technologies like community solar, storage and small gas and hydrogen plants to the discussion by requiring that the PUC and ERCOT have better visibility on these resources through required registration, but also that those resources can fully participate in energy and ancillary service markets would be an important step to grid reliability. We must take advantage of these hyper-local energy resources located close to loads.

Fourth, our water systems are under stress due to the lack of rain and extreme heat. We should be expanding our water conservation programs through targeted TWDB programs, require audits to reduce and then fix water loss in our aging pipes, and put a particular focus on agricultural water conservation programs. If farmers don't have enough water to produce our food, the results will be devastating for our economy and our consumers. Some of these issues can be helped with the use of federal funds (see below), but there are things that Texas can do as well, including through smart policy on water conservation and appliance standards.

Use state and federal funds to upgrade the electric and water grid & make it resilient. Think of the grid as power plants, poles & wires, AND buildings. Think of the water grid as not just the water sources, but pipes, transmission facilities and the end user. They're part of the grid, too. Buildings are no longer mere passive receivers for energy but producers, & capable of responding to a signal to reduce. There's at least \$16b coming to TX, but probably much more assuming an infrastructure bill does pass Congress and is signed by the President in the coming months. Making homes survivable reduces demand, reducing the likelihood of outages for ALL. Reducing water loss and increasing water conservation similarly reduces the chance that there is no water for anyone.

Get serious about climate adaptation. Our summers are hotter already. We need to provide places for people to go during heat waves, both to have a place when outages happen AND because a lot of people reduce their energy use to keep their bills lower because they're poor. This often (in at least 100 document cases in the last ten years) leads to death from extreme heat. Everyone should have some place to keep cool and to stay alive... regardless of means.

The truth is none of our state agencies - not the PUC, not TDEM, not TWDB, not the TCEQ, not the RRC, not the TDA, not TXDOT -- and not even ERCOT - take the changing climate seriously. It is not in their strategic plans nor their long-range forecasts. We should fix that and demand that Texas's state agencies are prepared for the changing reality by having a state climate plan and making climate planning part of their strategic plan. At the very least, our state water plan and ERCOT's forecasts should reflect climate reality.

Please consider adding these important issues to your call for the Special Session. We are happy to arrange a meeting with our organizations with your policy team this week.

Sincerely,

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CC. The Honorable Dan Patrick, Lt. Governor
The Honorable Dade Phelan, Speaker of the House