



To: Dr. Charles Schwertner, Chair, Business and Commerce
Members, Senate Committee on Business and Commerce
From: Cyrus Reed, Sierra Club, Lone Star Chapter, cyrus.reed@sierraclub.org
Re: SB 1212 (Johnson), Relating to the interconnection and integration of distributed energy resources.

March 28, 2023

Sierra Club supports the intent of SB 1212, but is concerned about some sections and their impact on customers on the bill as filed. We understand that there will be a committee substitute, and the committee substitute we have seen does improve the bill.

SB 1212 would significantly expand the ability of distributed energy resources, including aggregated DERs, to participate in wholesale energy and ancillary services. Among other proposals the bill would allow for DER owners to benefit themselves and the state without less regulatory requirements than larger providers, while requiring that they register so that ERCOT and utilities could better evaluate and track this growing sector of energy in the state. While the Sierra Club supports these efforts and the intent of the bill, we have concerns that the bill as written tips the scale too much in the benefit of utilities and retail electric providers and not enough toward the owners or users of distributed generation. We believe that with some key changes, however, the Sierra Club could support the bill.

One of our main concerns was the definition of aggregated distributed energy resources limited participation to one MW or more, which would cut out most smaller sources of energy. It is important to note that currently ERCOT has divided distributed generation into a number of categories, including unregistered distributed generation, settlement-only distributed generation and distributed generation resources. This bill will help establish better definitions and requirements for such resources, but we felt in a way that was too limiting. We believe the proposed committee substitute does improve the bill in this respect. We might suggest having a minimum size for an aggregated distributed energy resource to participate.

Our other main concerns are found in Section 39.971 and 39.972 which we believe would put too much power in the hands of utilities and could limit the ability of these resources to fully realize their value-added. We do have some remaining concerns about the ability of retail electric providers to limit payments to owners of distributed energy resources and believe some additional language may be required.

We believe that based on the committee substitute the bill is improving but look forward to working with stakeholders to achieve the right balance to assure that distributed energy resources can fully participate in energy and ancillary services but in a way that keeps the grid stable and resilient.