



SIERRA CLUB

LONE STAR CHAPTER

March 23rd, 2023

To: Dr. Schwertner, Chair, Senate Committee on Business and Commerce
Members, Senate Committee on Business and Commerce
From: Cyrus Reed, Conservation Director, Sierra Club

SB 1287 (King). Relating to the cost of interconnecting certain electric generation and energy storage facilities with the ERCOT transmission system.

The Sierra Club is opposed to the bill. The bill would change existing policy which states that interconnection costs and transmission costs are socialized on loads, and instead attempt to create a “postage-stamp” method of transmission costs, with some part of the generator interconnection costs shifted to generation. Because of the way the bill is written it will generally favor generation closer to loads and discourage generation in rural areas, such as wind and solar farms. Because wind farms in particular tend to be less dense and spread out, the creation of an “allowance” on a per megawatt basis will again tend to favor larger plants like nuclear, combined cycle or coal units. While there are some aspects of the bill that Sierra Club could support, overall we believe the bill would make lower costs, cleaner energy options more expensive and less likely to come into our market. We believe the fundamental issue to fix is our constraints on transmission, not how transmission is priced. That said, we do believe that there is a path to assign some cost of interconnection to generators but would prefer a more neutral methodology to get there.