



# 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 2015. King. Relating to the legislature's goals for electric generation capacity in this state.**

**The Sierra Club opposes this bill.** The bill would create a huge cost on consumers large and small of this state by creating a specific state-mandated goal for “dispatchable generation.” The bill would state that beginning on January 1, 2024, 50 percent of any new installations of power plants would be required to be dispatchable. The bill further would create a dispatchable energy credit trading program that would go into effect if less than 55 percent of new installed generation was not “dispatchable.”

Essentially, load-serving entities would be required to invest in dispatchable generation if the market did not produce at least 50 percent “dispatchable” generation. The reason this will be so expensive is that it dictates that at least half of new generation be “dispatchable” when the majority of investments in new generation is in solar and storage. It would also essentially mean solar and wind could not even be built until a certain amount of gas plants (or potentially storage) were built. We would be pulling the welcome mat out from under Texas to the very investment that has led to lower cost savings for consumers.

The bill could further allow the PUCT to “accelerate implementation of individual requirements” on generators, municipally-owned utilities and electric cooperatives, essentially directing the Commission to get involved in utility decisions on investments in new generation. This would be a dangerous precedent.

The Sierra Club does not object to reporting requirements about utility plans to invest in new generation although we believe this could best be handled through the ERCOT interconnection process. We would also not object to the creation of a new trading program in dispatchable energy credits that was voluntary, but object to the state creating a mandatory goal that would undermine renewable energy development. We would be happy to work with the author on a separate voluntary dispatchable energy credit program.

### **What an alternative might look like**

If the Legislature wanted to pursue a dispatchable energy goal, we would instead suggest the Legislature set a new dispatchable goal in MWs for new investments and create a trading program to get there. As an example, Texas could say it our intent to build at least 5,000 MWs of dispatchable generation that is flexible, fast acting and has a duration of at least two hours by a certain date, such as 2027. Texas could then create a trading program to get there if the market did not deliver those needs.

Similarly, on the demand side, Texas could create a residential demand response goal of MWs and allow trading of credits to create a market to help get there.

Setting goals that are additive - and not ones that pit one resource against one another - are in keeping with Texas's all-of-the-above attitude.