



SIERRA CLUB

LONE STAR CHAPTER

To: The Honorable Dr. Charles Schwertner, Chair
Members, Senate Committee on Business and Commerce
Re: SB 2110 (Johnson), Relating to the provision of natural gas by and rates charged by certain gas utilities.

April 11, 2023

The Lone Star Chapter of the Sierra Club is very supportive of SB 2110 by Johnson

The bill is a direct response to the problems that were encountered not only in winter storm uri, but in subsequent cold weather events, when the rising costs of the gas supply led to huge price increases on power plants and ultimately to industrial and especially residential consumers. During Winter Storm Uri, gas suppliers and some gas utilities made huge profits and both power plants and ultimately consumers were left to pay the bills. On both the electric and gas side, millions of residential customers are in fact going to be paying back securitized debts, and the Attorney General has yet to take any action on whether any price gouging or other unfair practices took place. In subsequent events, we have seen individual gas suppliers play havoc on power plants because of high contracts, with the result that either electricity prices are high or in some cases, power plants are choosing to only operate during certain times or not at all. In essence, high gas prices in monopoly situations are hurting resource adequacy and increasing prices in our grid.

While SB 2110 will not impact anything that happened during Winter Storm Uri or in other more recent events, it will better protect direct users of gas like power plants going forward, if they are served by a supplier where there is not competition. This in turn will help reduce costs to residential consumers, since high electricity prices ultimately go down to consumers. Transparency and improved rate making will result from passage of this bill. Specifically, the bill would eliminate the presumption of just and reasonable rates for certain gas utilities that are serving a single large customer where there is no competition. The bill would enable a gas utility to establish a rebuttable presumption by

filing with the Railroad Commission (RRC) executed agreements containing gas transportation rates for similarly situated customers of the gas utility.

The bill would require that the RRC establish an interim rate that would be applied to the complainant in circumstances where certain transmission pipeline purchasers file a complaint with the RRC. This interim rate would be applied to the complainant until the RRC enters an order establishing the rate to be charged or otherwise disposing of the complaint. The bill would prohibit a gas utility from retaliating against a complainant.

The bill would amend penalty language related to violations that are recoverable to include compensatory damages and would define discriminatory conduct prohibited by Section 104.104 as grounds for action under sections of the Business and Commerce Code by the consumer protection division of the Office of the Attorney General.

While this bill does not directly impact residential consumers, but instead larger industrial consumers like power plants, ultimately the costs of gas to supply power plants are borne by consumers. Therefore, SB 2110 provides better protections for residential consumers and the Sierra Club supports the bill.