



August 9, 2021

Re: Ensuring Texas Electric Reliability and Economic Competitiveness

The Honorable Greg Abbott
Governor of Texas
Texas State Capitol
Austin, Texas 78768

The Honorable Peter Lake
Chairman, Public Utility Commission
William B. Travis Building
Austin, Texas 78701

The Honorable Charles Schwertner
Chair, Senate Business & Commerce Committee
Texas State Capitol
Austin, Texas 78768

The Honorable Will McAdams
Commissioner, Public Utility Commission
William B. Travis Building
Austin, Texas 78701

The Honorable Chris Paddie
Chair, House State Affairs Committee
Texas State Capitol
Austin, Texas 78768

The Honorable Lori Cobos
Commissioner, Public Utility Commission
William B. Travis Building
Austin, Texas 78701

Dear Governor Abbott, Chair Schwertner, Chair Paddie, Chairman Lake, Commissioner McAdams and Commissioner Cobos,

I am writing on behalf of the U.S. Partnership for Renewable Energy Finance (PREFER), an affiliation of leading companies that invest in renewable energy at the American Council on Renewable Energy (ACORE). PREFER member companies have invested tens of billions of dollars in energy infrastructure in Texas and include some of the nation's foremost institutional investors, renewable energy developers and corporate energy offtakers. We are writing to communicate our support for policies that ensure electric reliability and a level playing field for all energy resources in the Lone Star state.

Texas has attracted more than \$70 billion in new renewable energy investment because it is blessed with abundant renewable resources able to provide low-cost electricity generation. Additionally, it has a large and diverse industrial sector and a rapidly growing technology sector, both of which are increasingly looking to access local renewable power when making investment and siting decisions. Renewable energy development is currently providing more than \$270 million in state, local and property tax revenues this year, along with lease payments to farmers, ranchers and other landowners totaling over \$140 million. These revenue streams, which help fund school districts and local governments across the state, are being placed at risk by policy proposals now under consideration.

For example, assigning ancillary service costs exclusively or disproportionately to renewable generators would significantly undermine business investment in Texas. Renewable energy provides affordable electricity that saves consumers money and has proven less susceptible to climate-induced weather extremes than thermal generation, such as natural gas, coal or nuclear



power. Moreover, it is important to note that ancillary service costs are unaffected by levels of renewable energy deployment. While renewable deployment has grown more than 250% in ERCOT over the past decade, ancillary services purchases have remained relatively flat. Rather than improving grid reliability, retroactively changing renewable project economics risks driving existing generation offline, exacerbating the very problem that needs to be solved.

Unbalanced cost allocation proposals appear to be premised on the discredited assumption that renewable energy was disproportionately responsible for the state's February power outages. In fact, while wind power outperformed forecasts across the state during the vast majority of the February power outages, thermal power plants did the opposite — with nearly twice the amount of generation going offline as predicted under ERCOT's "extreme generator outage" scenario. It is also relevant that the lights largely stayed on in the parts of Texas served by the adjacent grid operator, SPP, which has a greater reliance on renewable energy. This dynamic recently repeated itself again when ERCOT reported that unplanned thermal generation outages were largely responsible for June's capacity shortfalls, with 75% of the lost megawatts coming from natural gas, coal and nuclear power.

In light of the factual record, and the wide-ranging benefits renewable energy investment brings to Texas, we respectfully urge policymakers to focus on policy proposals that truly enhance electric reliability and avoid inadvertently undermining business investment in the state.

Please let me know if I can provide additional information, and thank you for your attention to this important issue.

Sincerely,

Gregory Wetstone
President & CEO
American Council on Renewable Energy

cc: The Honorable Dan Patrick, Lieutenant Governor of Texas
The Honorable Dade Phelan, Speaker of the Texas House of Representatives