

Sunset Commission Meeting

January 11, 2023

Decision Material

Lavaca-Navidad River Authority
Upper Guadalupe River Authority
San Jacinto River Authority
Bandera County River Authority and Groundwater District
Texas Economic Development and Tourism Office Office of
State-Federal Relations

Anatomical Board of the State of Texas

Texas Commission on Law Enforcement

Public Utility Commission
Electric Reliability Council of Texas
Office of Public Utility Counsel

PUBLIC UTILITY COMMISSION OF TEXAS

ELECTRIC RELIABILITY COUNCIL OF TEXAS

OFFICE OF PUBLIC UTILITY COUNSEL

Issue 1

Without Additional Resources and Clear Decision-Making Processes in Place, PUC Cannot Truly Fulfill Expectations for Ensuring a Reliable Electric Grid. (Page 35)

Change in Appropriation

Rec. 1.1 (Page 43)

The House Appropriations and Senate Finance committees should consider appropriating PUC its exceptional item requests for funding a data analytics team and additional engineering expertise.

Senator Springer Proposed Modification

Modify Recommendation 1.1. to also direct PUC to work with the Legislative Budget Board and Sunset Commission staff to update the agency's General Appropriations Act performance measures to track the agency's achievement in using the funds appropriated by the exceptional item requests identified in the recommendation. PUC would also update the Sunset Commission on the status of the recommended performance measures by February 15, 2023.

(Management action - nonstatutory)

Change in Statute

Rec. 1.2 (Page 43)

Authorize PUC to issue directives to ERCOT outside formal rulemaking and contested cases and authorize stakeholders to formally provide input on these directives.

Chairman Schwertner Proposed Modification

Modify Recommendation 1.2 to specify that in addition to contested cases and rulemakings, PUC may only use written memos and orders, not informal verbal directives, to instruct and provide direction to ERCOT. Also modify the recommendation to clarify that PUC can only direct ERCOT outside of these methods in an emergency or other urgent situation that poses an imminent threat to public health, safety, or grid reliability. If PUC's direction to ERCOT is still necessary 72 hours after the emergency or urgent situation, PUC must use the more formal process established under the recommendation to provide documentation of its direction to ERCOT. Other aspects of the staff recommendation would remain unchanged.

Chairman Schwertner Proposed Modification

Modify Recommendation 1.2. to also direct the ERCOT chief executive officer to provide an update about any new directive issued by PUC to ERCOT at the first ERCOT Board meeting following the directive's issuance. (Management action - nonstatutory)

Rec. 1.3 (Page 44)

Clarify PUC's authority over ERCOT protocols to include the ability to reject or remand them.

Rec. 1.4 (Page 44)

Authorize ERCOT to restrict commissioners' presence at executive sessions.

Rec. 1.5 (Page 44)

Consolidate three electric-related reporting requirements.

Chairman Schwertner Proposed Modification

Replace Recommendation 1.5 with the following: Continue the *Long Term System Assessment Report* and *Grid Reliability Assessment* as separate reports in statute and consolidate the *Report on Constraints and Needs* with other key information into a new *Electric Industry Report*. Specifically, this new report would not only include information previously contained in the *Report on Constraints and Needs* but would summarize key findings from the *Long Term System Assessment Report* and *Grid Reliability Assessment*. The *Electric Industry Report* would also clearly outline other basic information about the electric grid and market in Texas, such as generation capacity, customer demand, and transmission capacity currently installed on the grid and expected in the future. This recommendation would require ERCOT, in coordination with PUC, to submit the *Electric Industry Report* to the Legislature by January 15 of odd-numbered years. As part of this

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"ERCOT Panel Discussion: Market Redesign"