



Proposed Policy Resolution 1.2021

Adopted Unanimously on September 28, 2021

Reliable & Resilient Electricity

Sponsors

Senator Bryan Hughes, Texas
Representative James “Jim” Gooch, Jr., Kentucky
Senator Mark Allen, Oklahoma

WHEREAS, from February 15 -19, Texas experienced catastrophic power outages brought about by winter storm Uri and the lack of reliable and resilient electricity on the grid; and

WHEREAS, the five days of power outages impacted over 4 million Texans and resulted in a death toll estimated to range between 200-700 citizens and tens of billions of dollars of economic impact; and

WHEREAS, in recent years, market distortions have resulted in the Texas power grid experiencing a significant reduction in dispatchable thermal generation, including the premature retirement of eleven coal-fueled units (totaling 6,200 Megawatts of capacity) in the past five years alone within electric interconnect known as the Electric Reliability Council of Texas (“ERCOT”); and

WHEREAS, these 6,200 Megawatts of coal-fueled generation produced enough energy to meet the annual average electricity needs of 4 million homes; and

WHEREAS, the aftermath of the power outages in Texas has led to countless lawsuits and numerous bankruptcies including the state’s largest rural electric cooperative; and

WHEREAS, after extensive legislative hearings and studies conducted by ERCOT and the Public Utility Commission of Texas (PUCT), the Texas Legislature passed and the Texas Governor signed comprehensive legislation directing the PUCT and ERCOT to reform the Texas ERCOT market to better value reliable and resilient electricity; and

WHEREAS, Governor Greg Abbott has issued a directive to the PUCT and ERCOT to implement four key market reforms to implement legislation and ensure the reliability and resilience of the Texas ERCOT electric grid which include:

- Streamlining incentives within the ERCOT market to foster the development and maintenance of adequate and reliable sources of power, like natural gas, coal, and nuclear power; and
- Allocate reliability costs to generation resources that cannot guarantee their own availability, such as wind or solar power; and

- Instruct ERCOT to establish a maintenance schedule for natural gas, coal, nuclear, and other non-renewable electricity generators to ensure that there is always an adequate supply of power on the grid to maintain reliable electric service for all Texans; and
- Order ERCOT to accelerate the development of transmission projects that increase connectivity between existing or new dispatchable generation plants and areas of need; and

WHEREAS, the nature and extent of power outages in ERCOT differed from those experienced during Winter Storm Uri in the markets managed by the “Southwest Power Pool (SPP)” and the “Midcontinent Independent System Operator (MISO)” due to the larger role played by thermal dispatchable generation in those areas relative to ERCOT; and

WHEREAS, SPP and MISO are experiencing a similar generation resource trend to that experienced in recent years in ERCOT as their thermal dispatchable generation fleet is shrinking relative to the expansion of non-dispatchable intermittent generation; and

WHEREAS, in order to prevent power outages similar to those experienced in Texas during Winter Storm Uri, the member states of the Southern States Energy Board would benefit from developing policies similar to those being implemented in Texas in reaction to the recent power outages; and

WHEREAS, promoting policies that ensure the reliability and resilience of electric grids in member states falls within the primary mission of the interstate compact of the Southern States Energy Board to develop and promote energy resources in the Southern States.

THEREFORE, BE IT RESOLVED, the Southern States Energy Board urges its member states, public utility and public service commissions and regional transmission organizations and independent system operators to ensure they have adequate dispatchable power during extreme weather events by implementing policies similar to the four directives issued by Governor Abbott; and

BE IT FURTHER RESOLVED, the Southern States Energy Board will share this Policy Resolution and the Texas Governor’s directive with its Board, member state’s regulatory agencies and Congressional delegations.