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Texas utility regulators approve plan aimed at boosting power grid's reliability over time

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Utility regulators have approved a blueprint for changes to the Texas electricity market that's likely to provide a boost to generators powered by conventional fuel sources — such as natural gas — after years of booming investment in wind and solar energy projects in the state.

Texas Public Utility Commission members said the plan will make the state's power grid more reliable over time.

A number of efforts to shore up the grid for this winter — in the wake of its near-collapse last February during a severe freeze — already have been enacted by the commission. They include the first-ever mandate that power generators in the state make efforts to winterize their facilities.

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Longer-term reliability improvements "will be more finely tuned and implemented over the next several years," according to the utility commission.

That's where the blueprint comes in.

It outlines a series of policy ideas aimed at increasing investment in so-called "dispatchable" power on the grid, meaning generators that produce electricity on demand. The vast majority of power plants currently considered dispatchable are fueled by

conventional sources, such as natural gas, coal and nuclear energy.

Renewable sources, such as wind and solar energy, are intermittent, meaning they're only available under certain conditions unless paired with battery technology.

“Unfortunately, we can’t turn the wind on and make the sun shine,” commission Chairman Peter Lake said Thursday, prior to the vote to adopt the blueprint.

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Lake called the big increase in generators powered by wind and solar energy in recent years a positive feature of the Texas market.

But he said the state must do more to ensure sufficient incentives exist to warrant investment in "reliable sources of power" as well. That could include renewable sources, he said, such as wind or solar if paired with batteries, or energy from biomass or other nonintermittent sources.

“We have spoken a lot about being technology agnostic, and it's a principle I think we're adhering to," Lake said.

Still, the comments harken back to what has been a running controversy over the root cause of the February disaster.

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According to federal energy officials, 27% of the power generators that failed at various points during the emergency were fueled by wind and 2% were fueled by solar power — while the vast majority were fueled by natural gas. Despite those findings, many in the natural gas sector and some politicians, including Gov. Greg Abbott and Lt. Gov. Dan Patrick, have blamed the increasing proportion of renewable energy sources.

Among the potential new regulations in commission's new reliability blueprint, electricity retailers and other providers in Texas would be required to buy certain amounts of "dispatchable energy credits," with the goal of increasing demand for generation that's deemed dispatchable.

Another element of the plan would require electricity providers to procure sufficient generation capacity for their anticipated customer demand far in advance. The utility

commission also is looking at developing a "backstop reliability service," under which the grid's operator — the Electric Reliability Council of Texas, better known as ERCOT — would contract with certain dispatchable generators "to serve as an insurance policy to help prevent emergency conditions" in the future.

The commission approved the blueprint Thursday despite objections from some citizens and public interest groups, who said the plan hasn't received enough public scrutiny, could spur uncertain and potentially higher costs for consumers and doesn't do enough to encourage conservation and energy efficiency.

But commission members said that they've held numerous public hearings in the past six months over potential market reforms and reviewed thousands of pages of written public comments.

"These important and calculated actions will help enhance grid reliability and resilience" and move ERCOT away "from operating the grid in a crisis-based manner," Commissioner Lori Cobos said.

Separately, ERCOT released a report last week indicating that it had received all but one of the 847 winter readiness reports required to be submitted as part of the PUC's new winterization mandates for generators.

Still, 244 — or nearly 30% — asserted a "good cause for non-compliance" with some part of the winterization rules, according to the report. But that doesn't mean those generators are "wholly unprepared" for winter, ERCOT said, because in some cases the requirements don't appear to be relevant to certain generators and, in others, the generators simply needed more time to come into compliance.

"For these reasons, ERCOT would caution against an inference that a significant number of generators should be considered unprepared for winter based solely on the number of good-cause assertions," the report stated. "ERCOT underscores that its expectation is that every generating unit in the ERCOT system will be weatherized" in accordance with the rules.

At least 210 Texans died for reasons related to February's severe freeze. More than 4.5 million lost power for lengthy periods, with some going days without electricity.