

FEDERAL ENERGY UPDATE:

The Good, The Bad, & the Ugly

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SLC Annual Meeting

July 11, 2021

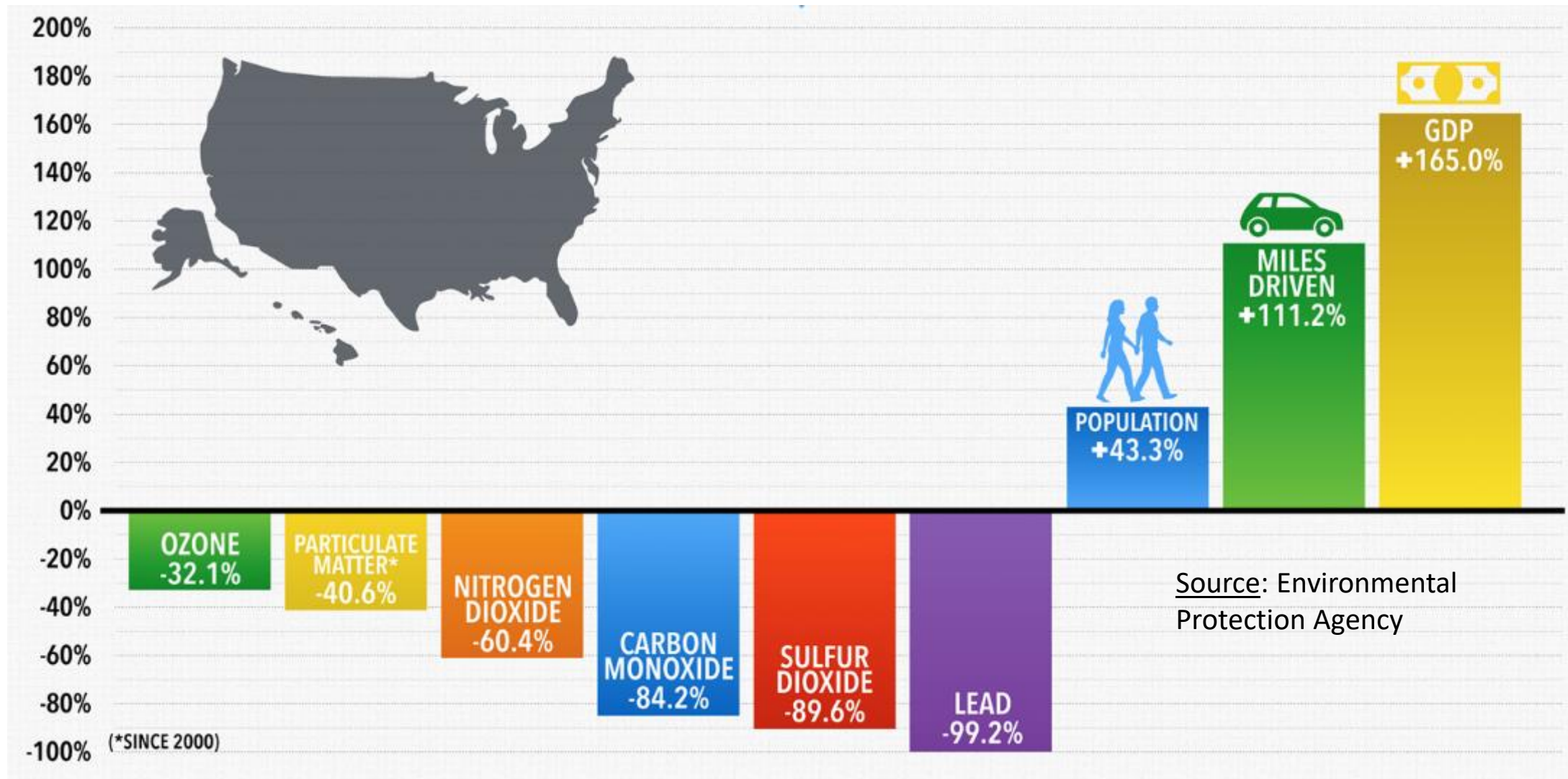


75TH ANNIVERSARY
ANNUAL MEETING

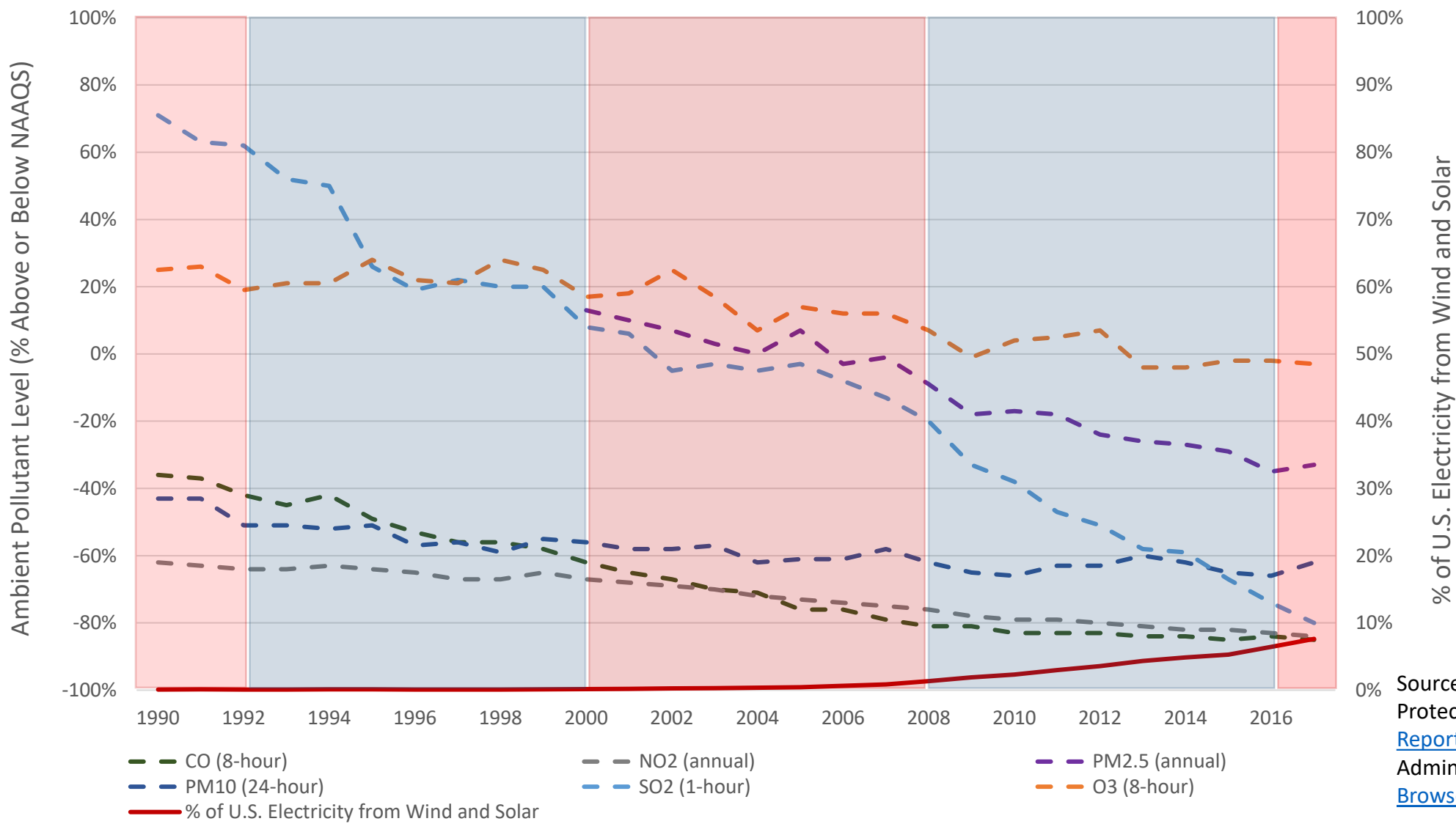
JULY 10-14, 2021

NASHVILLE, TENNESSEE

FIRST – THANKS FOR YOUR LEADERSHIP! *The U.S. Has Set the Global Standard for Making Air Safe While Growing the Economy Since 1970*



We Made our Air Safe with Law & Technology Developed & Implemented by States/Industry in Cooperation With Fed. Government



Sources: Environmental Protection Agency, [Air Trends Report 2018](#); Energy Information Administration, [Total Energy Data Browser](#)

LEADING THE WORLD: U.S. PM_{2.5} 6x below global avg.

PM2.5 LEVELS
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0

 INDIA

 CHINA

ITALY


FRANCE

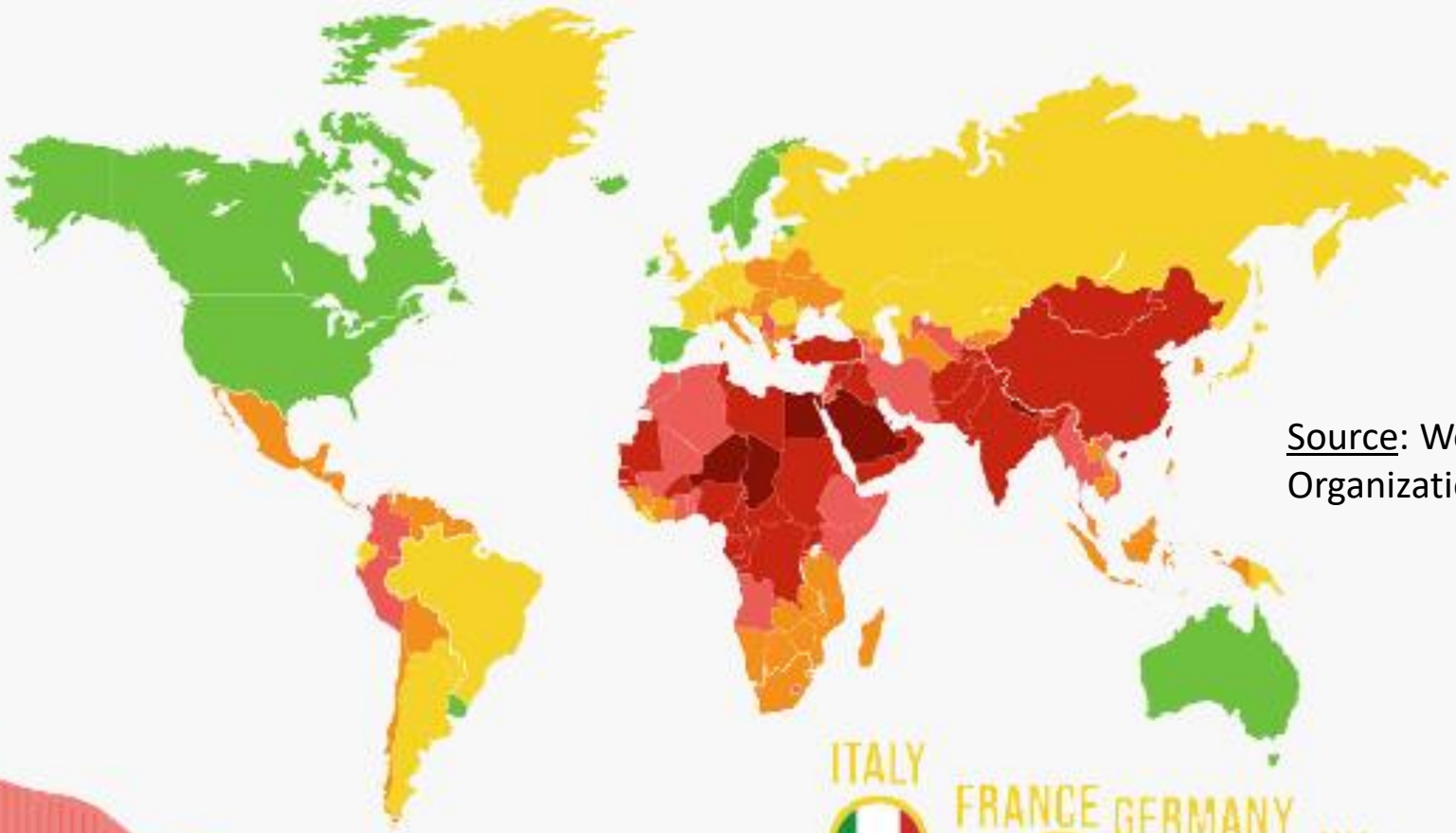

GERMANY


UK


 USA

DIRTIER

CLEANER



Source: World Health Organization (WHO)

WE NEED TO RAISE AMERICA'S ENERGY IQ: **SHOW YOUR FRIENDS & FAMILY!!**

NEW ANIMATED EDUCATIONAL VIDEO SERIES ON ELECTRICITY & ENVIRONMENTAL TECHNOLOGY (www.LifePowered.org)

VIDEO 1 - Energy 101: Why We Need Electricity

<https://youtu.be/ZfrBnddgFAU>



VIDEO 2 - Energy 101: The Electric Grid

<https://youtu.be/WiMtU6O1SxM>

VIDEO 3 - Energy 101: Where Electricity Comes From

<https://youtu.be/AKuoleupGHc>



VIDEO 4 - Energy 101: Energy Density

<https://youtu.be/6d-HGzZHPG4>

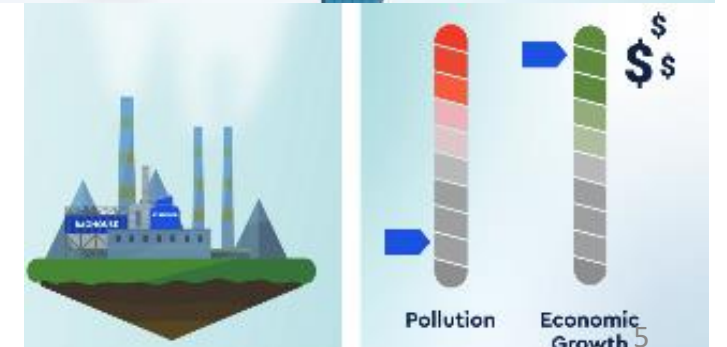
VIDEO 5 - Energy 101: Mining and Rare Earths

<https://youtu.be/yu3mkFpiGmo>



VIDEO 6 - Energy 101: Environmental Technology

<https://youtu.be/aodsngzbZqA>





THE GOOD

The Stuff We All Agree About.

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Bipartisan Support for CCUS

President Biden's Energy/American Jobs Plan

- Direct pay for 45Q for two years
- 10-year extension for 45Q
- Expansion of the 45Q to include industrial applications, power generation and direct air capture
- SCALE Act to provide low-interest loans and funding for the buildout of CO₂ transport and geologic storage infrastructure

Pending Congressional Proposals

- Storing CO₂ and Lowering Emissions Act (SCALE Act)
- Carbon Capture Modernization Act
- Access 45Q Act
- Carbon Capture Utilization and Storage Tax Credit Amendments Act
- CCUS Innovation Act
- Extending Tax Incentives for Carbon Capture, Utilization, and Storage
- Carbon Infrastructure Financing
- Carbon Capture Utilization and Storage (CCUS) funding for R&D at DOE





THE BAD

Looming Threats on the Horizon.



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Key Biden Energy-Related Announcements

Rejoined Paris Climate Agreement

- Anticipated new U.S. Nationally Determined Contribution (NDC) – 50-52 percent reduction from 2005 levels in economy-wide net greenhouse gas pollution in 2030
- The [previous US NDC](#) committed to reducing GHG emissions 26-28% below 2005 levels by 2025.
- The Biden administration will likely work to submit an updated US NDC for 2030 by the end of 2021, in time for [COP26](#), which was postponed to Nov. 2021.
- Key Areas where NDC likely to be derived: FCAA 111 Rules (Methane & CO2), Vehicle Standards, Energy Efficiency, and assorted federal moves on procurement/land management.

Nominated Progressive Candidates to Key Cabinet Posts on Energy/Environment

- Jennifer Granholm (MI)(DOE)
- Deb Haaland (NM)(DOI)
- Michael Regan (NC)(EPA)

Created both Domestic (Gina McCarthy) and Diplomatic (John Kerry) Climate Directors



Key Biden Executive Orders Re: Energy

January 20th (Inauguration Day):

- [EO 13985](#): Advancing Racial Equity and Support for Underserved Communities Through the Federal Government (January 20, 2021)
- [EO 13990](#): Protecting Public Health and the Environment and Restoring Science To Tackle the Climate Crisis (January 20, 2021)
- [EO 13992](#): Revocation of Certain Executive Orders Concerning Federal Regulation (January 20, 2021)

January 27th (Climate Day):

- [EO 14008](#): Tackling the Climate Crisis at Home and Abroad
- [EO14007](#) :Establishes the President's Council of Advisors on Science and Technology (PCAST)



Advancing Racial Equity and Support for Underserved Communities Through Federal Government ([EO 13985](#))

DEFINITIONS

Equity: the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality

Underserved communities: populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the preceding definition of “equity.”



Protecting Health & the Environment & Restoring Science to tackle the “Climate Crisis” ([EO13990](#)) (cont.)

Section 2(a) – Review of All Agency Actions between 1/20/17 - 1/20/21

- Section 2(a)(i): Methane
- Section 2(a)(ii): Automobile Standards
- Section 2(a)(iii): Energy Efficiency Standards
- Section 2(a)(iv): Harmful air pollution
 - Mercury & Air Toxics Standards (MATS) Supplemental and RTR review
 - Cost/Benefit Transparency rule
 - Dose/Response Transparency rule

Section 2(b): Actions consistent with E.O. subject to OMB review

- Identify actions to be taken by 12/2021 to OMB within 30 days
- Identify actions to be taken by 12/2025 to OMB within 90 days

Section 2(c): New Oil & Gas Regulations

- By September 2021: New Methane & VOC E &P Rule
- By January 2022: Oil & Gas Ozone NAAQS FIP in California, Connecticut, New York, Pennsylvania, and Texas

Section 2(d): Review of all pending litigation



Protecting Health & the Environment & Restoring Science to tackle the “Climate Crisis” ([EO13990](#)) (cont.)

Section 4: Arctic Refuge (reinstates Obama EO restrictions)

Section 5: Accounting for the benefits of reducing “climate pollution”

- Accounting of costs from a global perspective and boil into cost/benefit analyses in rules
- Develop Social Costs of carbon (SCC) and nitrous oxide (SCN) and methane (SCM)
- Interagency Co-Chairs: OMB Dir., OSTP Dir., & Chair Council of Economic advisors
- Working Group to include most cabinet secretaries, EPA, national climate advisor, etc.
- Publish proposed SCC, SCN, and SCM within 30 days and final by 1/2022
- Incorporate into decision making by federal government including procurement.



Protecting Health & the Environment & Restoring Science to tackle the “Climate Crisis” ([EO13990](#)) (cont).

Section 6: Revokes Presidential Permit for Keystone XL Pipeline

- “Leaving the Keystone XL pipeline permit in place would not be consistent with my Administration's economic and climate imperatives”

Section 7: Other Action/Rule Revocations of interest

- Executive order addressing expediting NEPA environmental reviews for infrastructure (13766)
- Waters of the US Reform EO (13778)
- Energy Independence EO (13783) Which Undid Several Obama EOs, directed Methane/Clean Power Plan Rule Reviews, and Developed Agency Reporting/Analyses to Ensure that Energy Independence is not impeded.
- Antiquities, Off-shore Energy, Infrastructure, and Efficiency EOs (13792, 13795, 13834, 13868, & 13927)
- E.O. securing US Bulk Power System suspended for 90 days (13920)
- Draft CEQ NEPA guidance on GHG consideration and effects of climate change in NEPA reviews
- OMB and agencies shall take prompt steps to rescind orders, rules, guidelines, policies, etc., as identified herein and if appropriate through rulemaking (list of 98+ reform rules on the chopping block)



Revocation of Certain Executive Orders Concerning Federal Regulation ([EO13992](#)) (cont.)

REVOKED TRUMP EOs:

- EO 13771 Reducing Regulation and Controlling Regulatory Costs (Jan. 30, 2017)
- EO 13777 Enforcing the Regulatory Reform Agenda (Feb. 24, 2017)
- EO 13875 Evaluating and Improving the Utility of Federal Advisory Committees (June 14, 2019)
- EO 13891 Promoting the Rule of Law Through Improved Agency Guidance Documents (Oct. 9, 2019)
- EO 13892 Promoting the Rule of Law Through Transparency and Fairness in Civil Administrative Enforcement and Adjudication (Oct. 9, 2019)
- EO 13893 Increasing Government Accountability for Administrative Actions by Reinvigorating Administrative PAYGO (Oct. 10, 2019)



Key Power Sector Regulations that Biden Admin. has Announced they will Revisit:

CARBON DIOXIDE:

- Repeal of the Clean Power Plan; Emission Guidelines for Greenhouse Gas Emissions From Existing Electric Utility Generating Units; Revisions to Emission Guidelines Implementing Regulations, 84 Fed. Reg. 32520 (July 8, 2019)
- Pollutant-Specific Significant Contribution Finding for Greenhouse Gas Emissions From New, Modified, and Reconstructed Stationary Sources: Electric Utility Generating Units, and Process for Determining Significance of Other New Source Performance Standards Source Categories, 86 Fed. Reg. 2542 (January 13, 2021)

Ozone:

- Review of the Ozone National Ambient Air Quality Standards, 85 Fed. Reg. 87256 (December 31, 2020)
- Findings of Failure To Submit a Clean Air Act Section 110 State Implementation Plan for Interstate Transport for the 2015 Ozone National Ambient Air Quality Standards (NAAQS), 84 Fed. Reg. 66612 (December 5, 2019)
- DFW Area Redesignation and Maintenance Plan for Revoked Ozone National Ambient Air Quality Standards, 85 Fed. Reg. 19096 (April 6, 2020).
- HGB Area Redesignation and Maintenance Plan for Revoked Ozone National Ambient Air Quality Standards, 85 Fed. Reg. 8411 (February 14, 2020).

Mercury, Air Toxics:

- National Emission Standards for Hazardous Air Pollutants: Coal- and Oil-Fired Electric Utility Steam Generating Units—Reconsideration of Supplemental Finding and Residual Risk and Technology Review, 85 Fed. Reg. 31286 (May 22, 2020)
- Reclassification of Major Sources as Area Sources Under Section 112 of the Clean Air Act, 85 Fed. Reg. 73854 (November 19, 2020)
- Combustion Turbine RTR/MACT? *(no announcement yet)*

Particulate Matter:

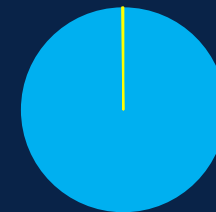
- Review of the National Ambient Air Quality Standards for Particulate Matter, 85 Fed. Reg. 82684 (December 18, 2020)

POTENTIAL CONSTRAINING FACTOR – SCOTUS DACA decision, 6-3 Majority & limitations on policy shifts reduced agency deference





DEEPER DIVE: EPA Regulation of Carbon Dioxide from existing & new/modified Power Plants



Affordable Clean Energy (ACE) Status & Likely Fate:

- On January 19, D.C. Circuit Vacated & Remanded Clean Power Plan (CPP) Repeal & ACE *Chevron*, Step-1, replacement. *American Lung Association v. EPA* (link to decision [here](#))
- DOJ has requested stay of the CPP Repeal reversal based on announced plans to replace ACE with new 111(d) rule (likely appeals to SCOTUS on 112 Exclusion & “Major Questions”).
- Key questions remain:
 1. Will EPA go “beyond the fence” when deriving state budgets and risk SCOTUS rebuke?
 2. Or, will EPA derive budgets based on coal AND GAS fleets and then integrate co-firing & trading (inside or outside the fence) as a compliance mechanism for inside -the-fence-derived budgets.
 3. Will Biden EPA integrate an international trading component and roll-in Section 115 as supplemental authority to couple with their 111(d) approach (risky as stand-alone but might combine as alternative)





DEEPER DIVE: Regulation of Methane (and maybe flaring?)



Methane Regulation of New & Existing Oil & Gas Operations:

- Biden EOs & EPA have announced that they will repeal and replace Trump EPA Methane Reforms (Issued on August 13, 2020 as [Policy Amendments](#) and [Technical Amendments](#)) to roll back Obama EPA “Methane Rule”).
- They have not signaled whether they will return to the 11/10/16 Information Collection Request (ICR) for existing upstream, midstream and even import/export sources (which was cancelled by Trump EPA on 3/2/17).





AND THE
UGLY

Clear & Present Danger



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CLIMATE DAY (1/27) ANNOUNCEMENT: Tackling Climate Crisis at Home and Abroad ([EO14008](#))

Section 102:

- (a) Hosting Leader's Climate Summit (April 22, 2021 – Earth Day)
- (b)-(h) Reconvene the Major Economies Forum on Energy and Climate, beginning with the Leaders' Climate Summit, and Appoints and Directs the “Presidential Envoy for Climate” (John Kerry) to Curtail Fossil Energy Financing & Support “nature-based solutions” (***ending international financing of fossil fuel-based energy***)

Section 103-104:

- Climate Envoy to sit on National Security Council and elevates climate issues as a foreign policy and national security priority & reinstates Obama-era climate-related security memo

Section 201:

- Economy-wide/government-wide climate policy prioritization
- Seeks to achieve net-zero emissions for the United States by 2050

Section 202-203:

- Establishes the White House Office of Domestic Climate Policy
- Establishes the National Climate Task Force



Tackling Climate Crisis at Home and Abroad ([EO14008](#)) (cont.)

Section 205:

- Carbon-free Power Sector by 2035
- Calls for support of renewable industries and zero-emissions cars.
 - Task force will create plan to prioritize purchases of vehicles/electricity for federal fleets/buildings with stricter "Made in America" requirements.
 - President Biden couched those moves within his larger aims of 1 million new auto-sector jobs and a 100% carbon-free power sector by 2035.
 - Directs the Council on Environmental Quality and the Office of Management and Budget to identify steps the federal government can take to build out the country's grid to speed up the deployment of renewable energy.

Section 208-209:

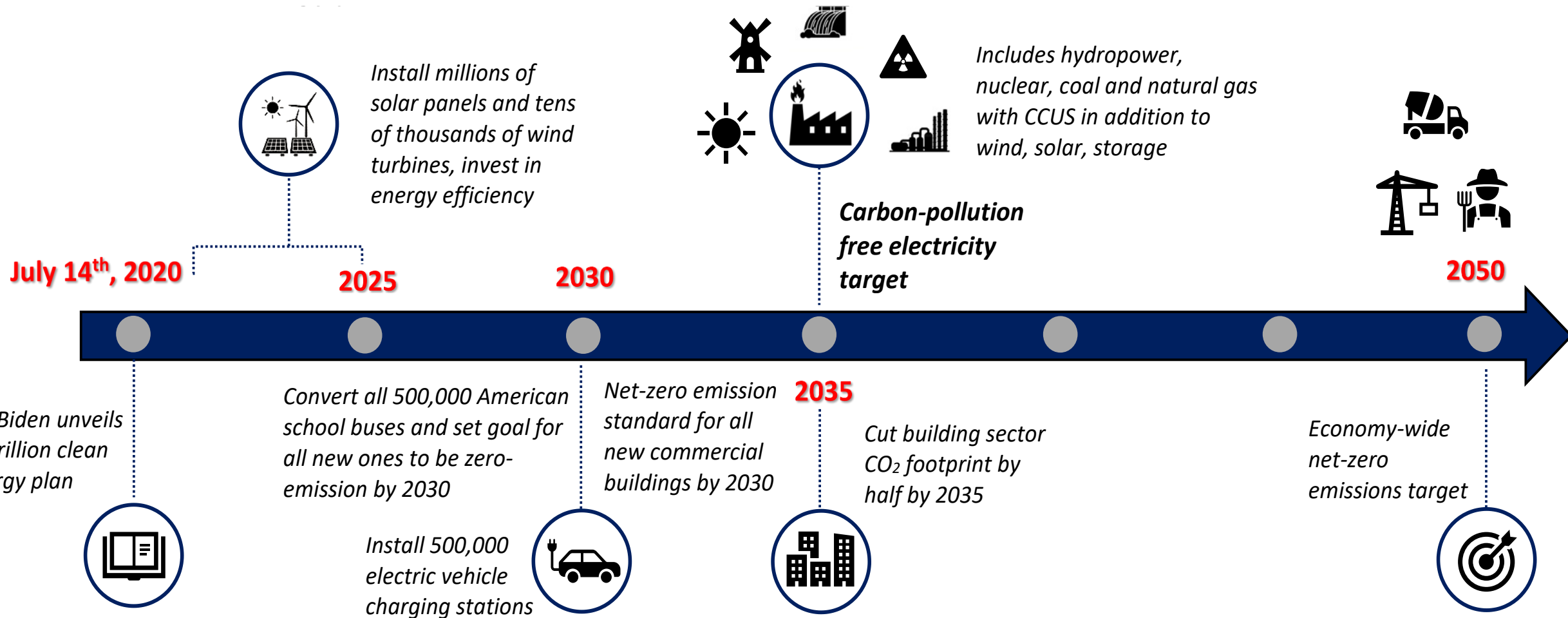
- "Pause" on new federal lands leasing (on and off-shore) for oil and gas (not coal) with "study" of tribal land oversight re: same
- "Review" existing leases and royalty rates for coal, oil, & gas
- Directing federal agencies not to subsidize fossil fuels (IRS guidance?)

Section 206-301:

- Procurement, land management, and promotion of renewables
- Rebuilding Infrastructure: Federal infrastructure investment shall reduce climate pollution and Federal permitting decisions shall consider effects of greenhouse gas emissions and climate change.
- Creates a Civilian Climate Corps Initiative to mobilize the next generation of conservation and resilience workers and to maximize the creation of accessible training opportunities and good jobs.
- Establishes a goal to conserve 30% of federal land and water by 2030.



Biden Energy Plan Timeline



Biden Energy Plan – Power Sector Overview

Transformational economy-wide approach to achieve “net-zero” CO₂ by 2050

- Would provide two trillion dollars to fund the ‘clean economy’ programs
- Utilities would need to eliminate carbon emissions by 2035 under a federal Energy Efficiency and Clean Electricity Standard
 - Doesn’t ban fossil fuel, but each utility would likely need to achieve a net-zero carbon footprint (potential offsets from nuclear, hydro and renewables, carbon capture)
- Recommends build out and repurposing of transmission to support dramatic expansion of renewable energy
- Dedicates resources to support economic transitions in power plant communities
- Proposes a significant commitment to addressing pollution in minority communities through the companion “Biden Environmental Justice Plan”



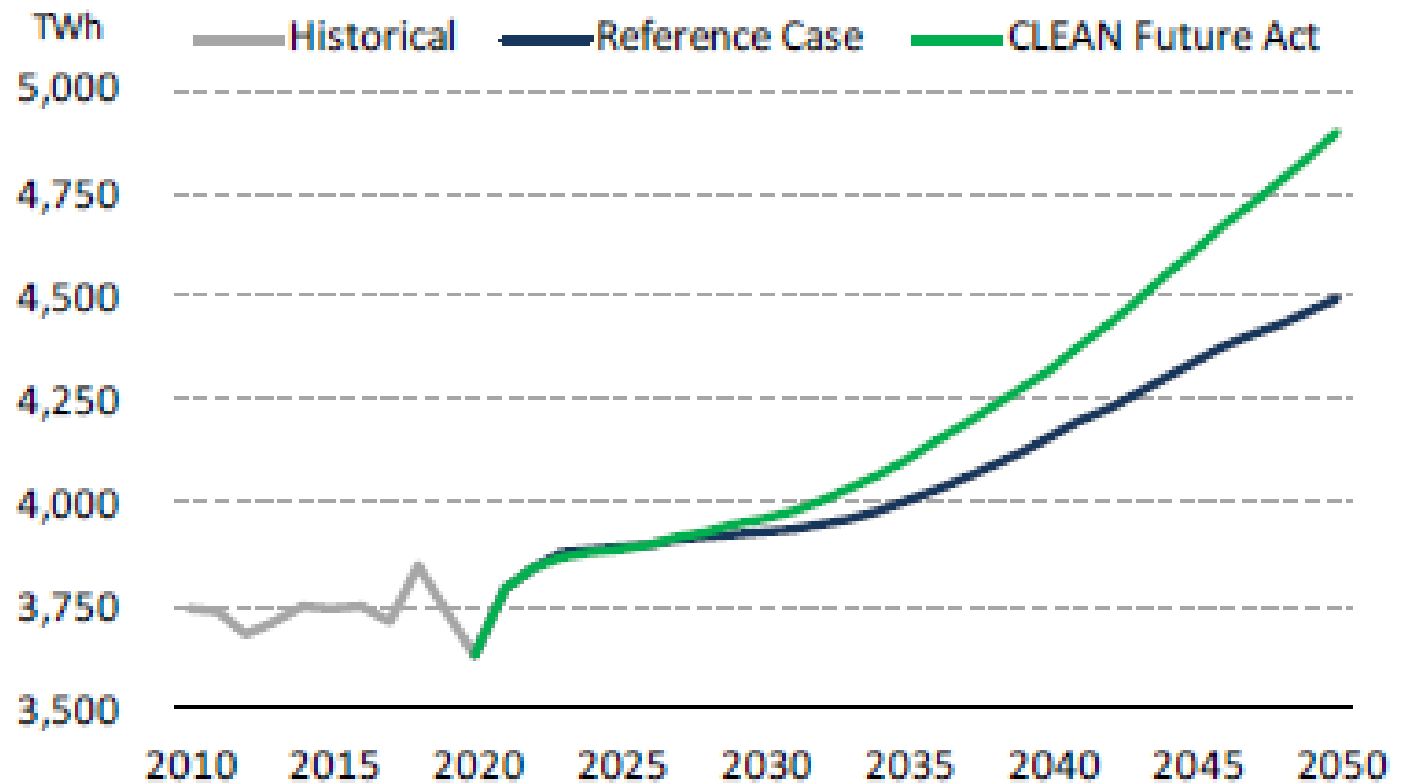
Clean Electricity Standard

ELECTRICITY DEMAND

The CLEAN Future Act proposes significant investments in the U.S. electric vehicle industry and electrification of the residential and commercial heating sectors.

As a result, electricity demand in the CLEAN Future Act scenario is projected to grow from around 3,600 TWh in 2020 to 4,900 TWh by 2050, an increase of over 32% in three decades.

U.S. Electricity Demand by Scenario

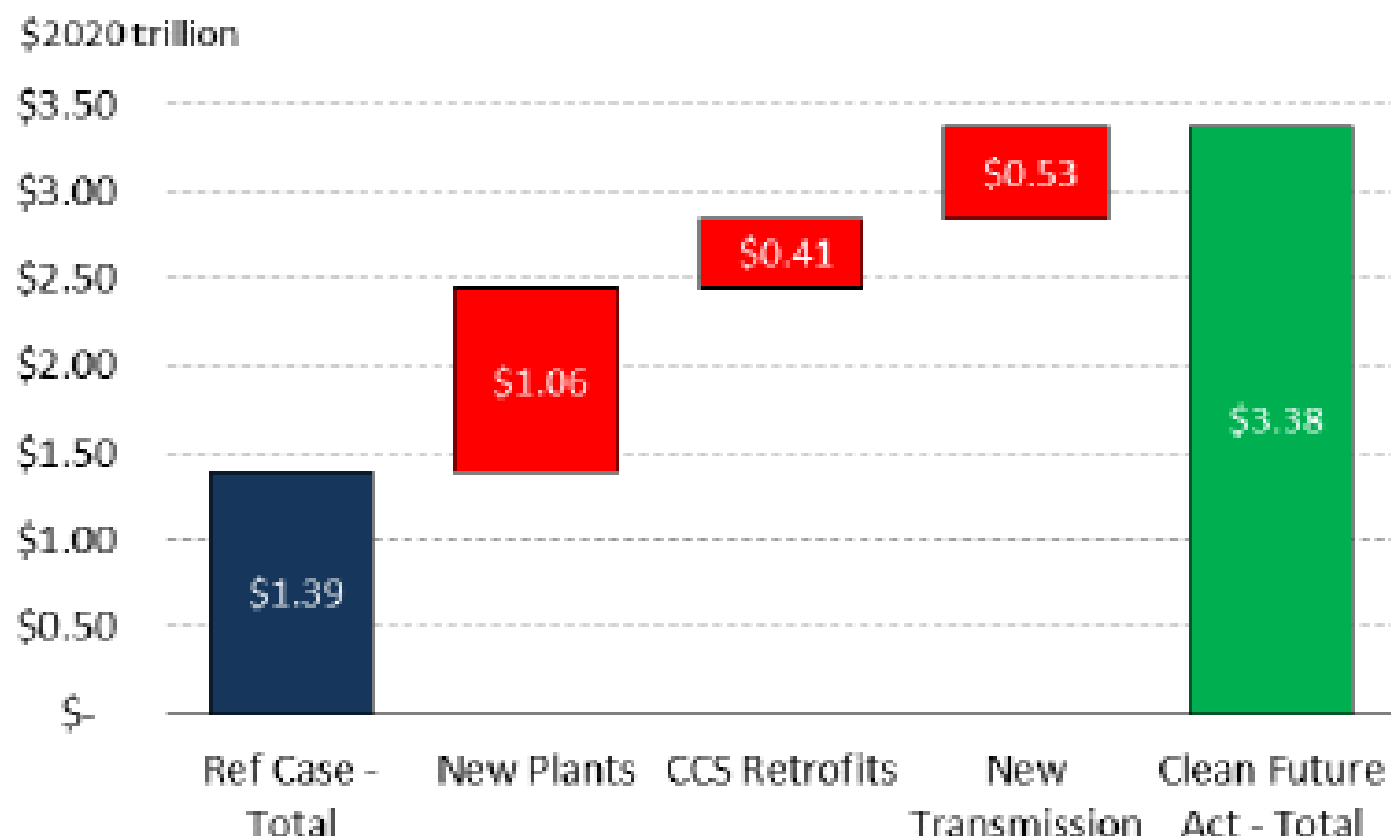


Clean Electricity Standard

FEASIBILITY

- To achieve the goals laid out in the CLEAN Future Act, the electric power sector will need to invest an additional **\$3.4 trillion** between 2020 and 2050 to achieve the 100% CES by 2035.
 - \$2 trillion will need to be invested in new power generating resources like wind, solar, and battery storage,
 - \$1 trillion in new transmission projects and
 - \$410 billion in CCS retrofits.
- To achieve the 100% CES by 2035, the U.S. power will need to add almost 72 GW of new solar capacity, 38 GW of new wind capacity, and 9 GW of new battery storage capacity every year.
 - For context, in 2020, U.S. total installed capacity for solar, wind, and battery storage in the U.S. was 41 GW, 113 GW, and 2.2 GW, respectively.

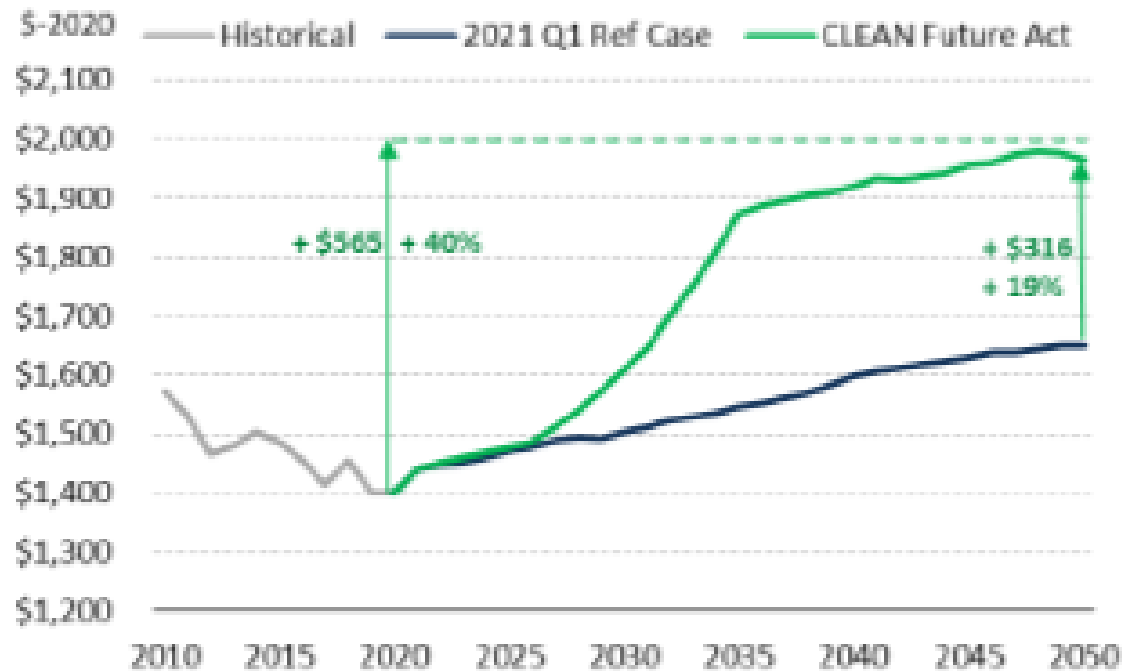
Cumulative Investments by Category – 2020 to 2050



Clean Electricity Standard


COST TO CONSUMERS

Average Annual Residential Electricity Bill by Scenario



- To enable the \$3.4 trillion-dollar investment to achieve the 100% CES by 2035 and support a decarbonized economy by 2050, the average annual residential U.S. electric bill will likely increase significantly.
- By 2035, when the electric power sector is required achieve the 100% CES, the average annual residential bill is forecasted to increase by \$473 from 2020 levels, or 34%, to roughly \$1,900 per household.
- By 2050, the average annual residential bill is projected to reach \$2,000, compared to \$1,400 in 2020, or \$565 more per household, a 40% increase in three decades.

KEY STUDY: What is the Cost of Texas Continuing to Head Toward a “the Green New Deal” ?

 Life:Powered	2018	Current Policies	50 Percent Renewables	80 Percent Renewables	100 Percent Renewables
Wind Capacity (MW)	22,066	37,596	49,877	102,928	107,737
Solar Capacity (MW)	1,861	11,019	25,372	86,091	91,597
Battery Capacity (MW)	87	527	10,626	23,260	533,833
Nuclear Capacity (MW)	4,960	4,960	4,960	4,960	-
Gas Capacity (MW)	45,449	51,997	54,700	42,000	-
Coal Capacity (MW)	14,225	14,225	-	-	-
Annual Cost (\$ Billion)	13	19	33	61	120
Annual Cost (\$/MWh)	36	44	73	138	270

Source: *Life:Powered*, 2019. <https://lifepowered.org/wp-content/uploads/2019/10/2019-08-PP-LP-Bennett-Green-New-Deal.pdf>

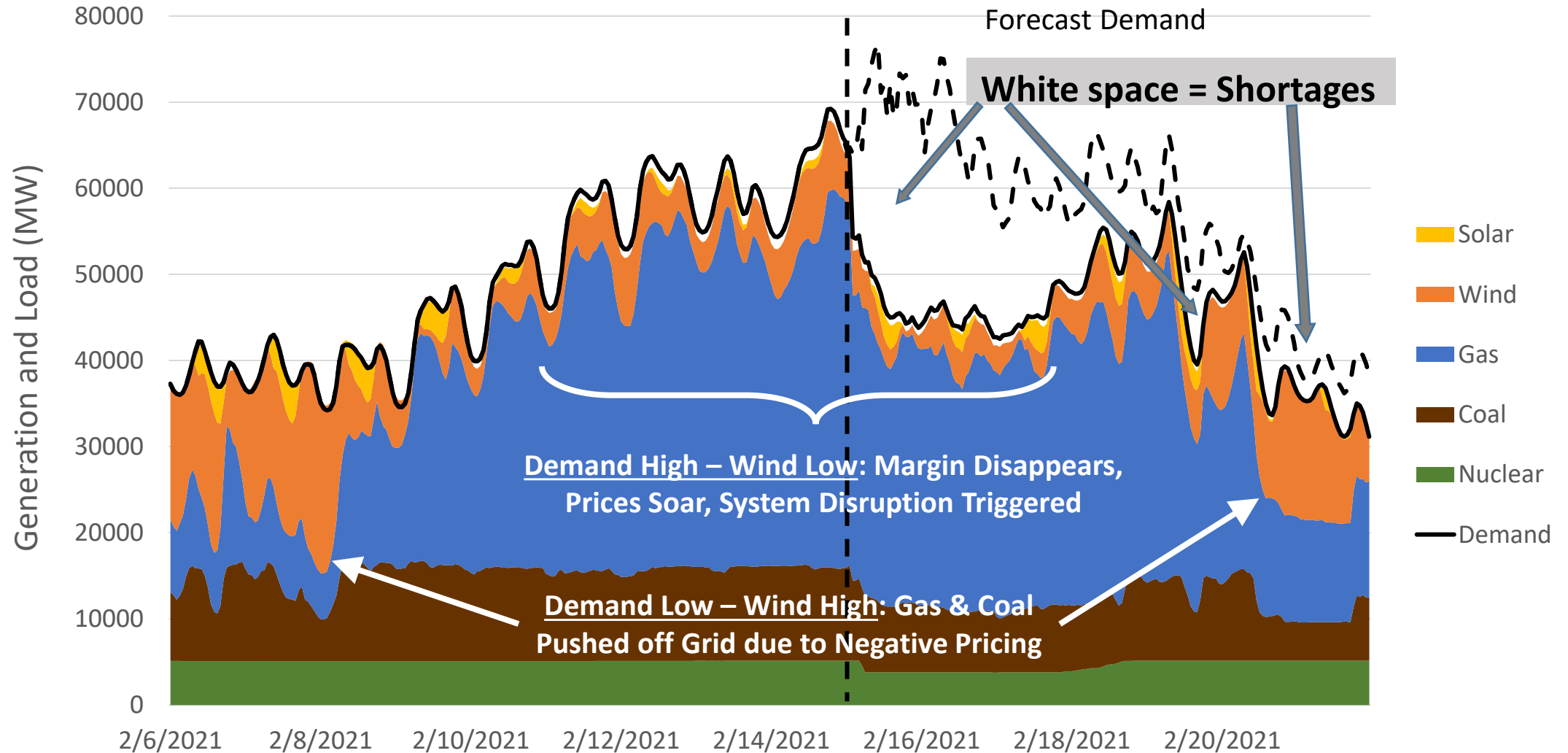
GREEN NEW DEAL IN TEXAS = ALL PAIN, NO GAIN

	2018	Current Policies	50 Percent Renewables	80 Percent Renewables	100 Percent Renewables
Annual Cost (\$ Billion)	13	19	33	61	120
Annual Cost (\$/MWh)	36	44	73	138	270

KEY TAKE-AWAYS FROM THE STUDY:

- 50% wind/solar by 2030 will increase annual generation & transmission costs by 250 % **(increasing to 100% renewables by 2030 will increase those costs by 1,000%)**.
- That annual cost of \$120 BILLION is equivalent to the ENTIRE TEXAS ANNUAL BUDGET.
- This increases the average TX family's annual electricity bill by more than \$3,200 by 2030.
- Yet, all of those costs will reduce global temperatures less than 0.097° Fahrenheit.

The Cautionary Tale of Winter Storm Uri in Texas



ESSENTIAL READING:

DEBUNKING THE TEXAS POWER OUTAGE MYTHS: How and Why Texas Ran Out of Energy

MYTH: “Fossil fuels caused the Texas blackouts.”

FACT: The vast majority of power that was needed to keep the Texas grid from experiencing a potential month-long blackout was provided by thermal power plants (those using natural gas, coal, and nuclear energy).

MYTH: ‘Renewables can’t be blamed. They performed even better than expected during the blackouts!’

FACT: Wind & solar performed about as well as you would expect during a winter storm - means they produced almost nothing when we needed power most.

MYTH: ‘Texas can prevent more blackouts by deploying more renewable energy.’

FACT: Adding more unreliable energy will only make our grid more unreliable.

MYTH: ‘Renewable energy is cheaper; that’s why we’re building so much of it.’

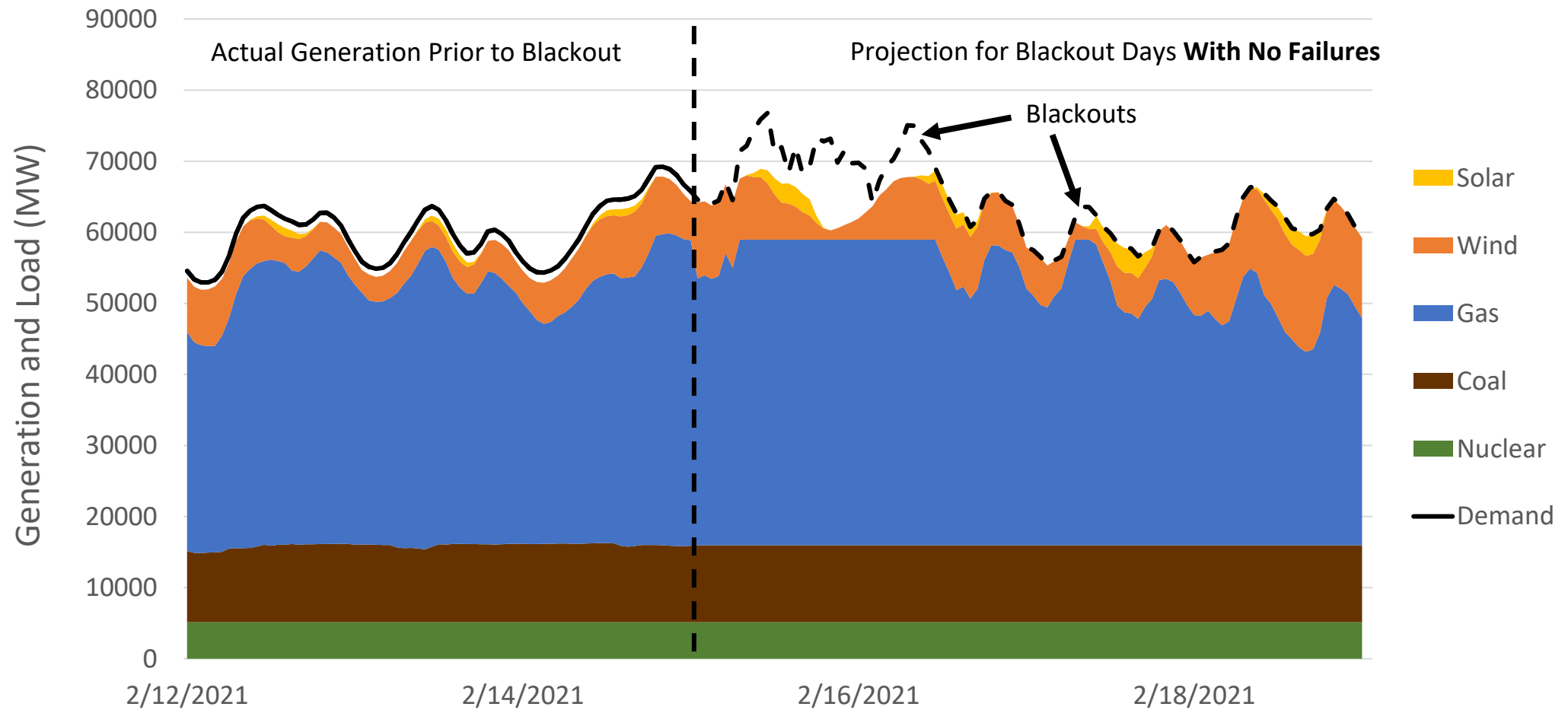
FACT: The vast economic fallout from the Texas power outages will become a poster child for how renewable energy imposes costs on consumers that are hidden until they manifest themselves when the system breaks down due to the lack of system reliability.

MYTH: ‘Manmade climate change caused the storm that blacked out Texas.’

FACT: The cold weather that hit much of the South felt extreme for all of us, but it is neither unprecedented nor manmade.

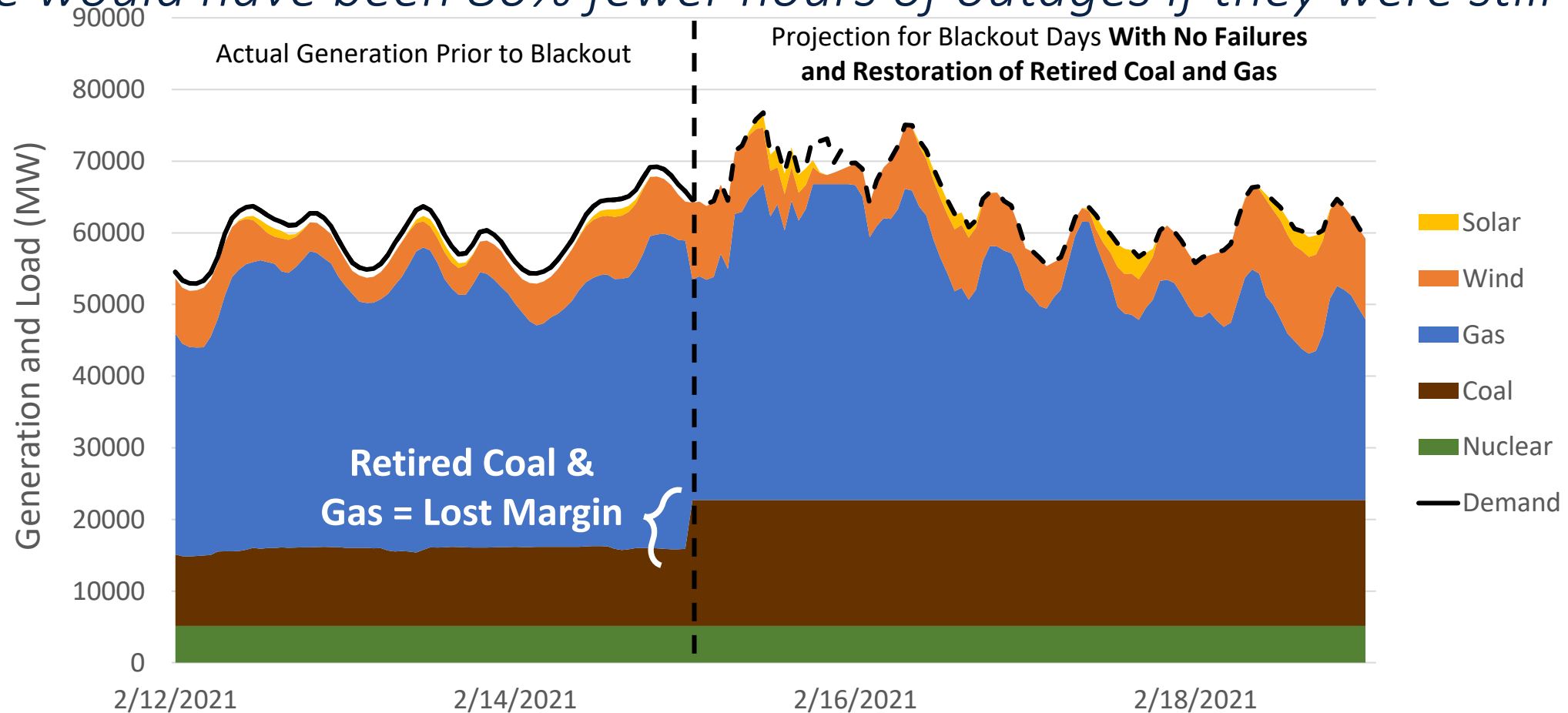
MYTH BUSTING: This Event Was NOT Just About Winterization – It Shows that Texas Has a Shortage of Dispatchable Capacity

Texas would have still endured over 24 hours of outages even if all thermal remained online



MYTH BUSTING: The Premature Retirement of Baseload Coal/Gas Over the Past Five Years WAS a Major Factor

- There would have been 80% fewer hours of outages if they were still around



MYTHBUSTING:

Both Renewables & Gas “Triggered” this Problem

Installed Capacity			February 9-19	
Wind	28%	▲	Wind Avg	9%
Solar	5%	▼	Solar Avg	1%
Gas	49%		Gas Avg	61%
Coal	12%	▲	Coal Avg	19%
Nuclear	4%		Nuclear Avg	9%

Wind/solar dropped to below 2% of total supply in heart of storm.

Coal/Nuclear component of total supply nearly doubled.

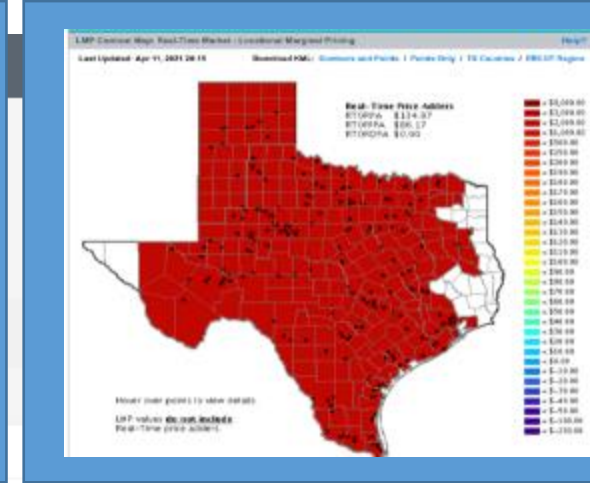
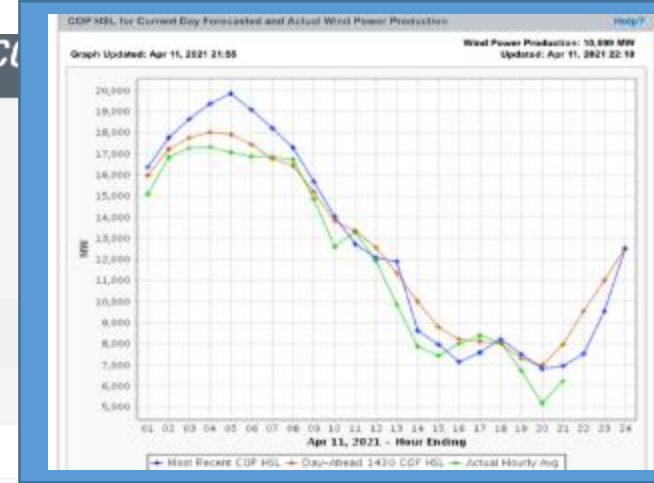
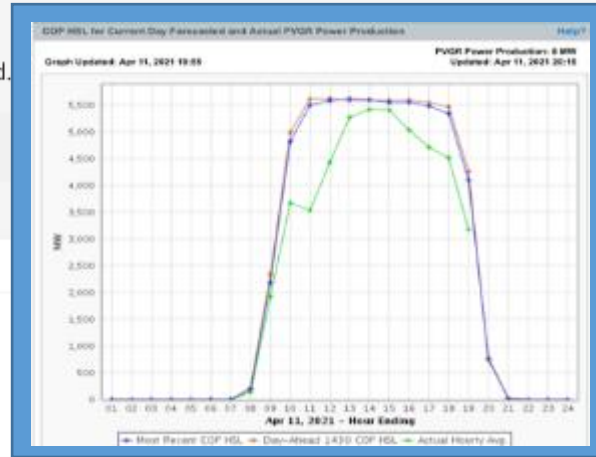
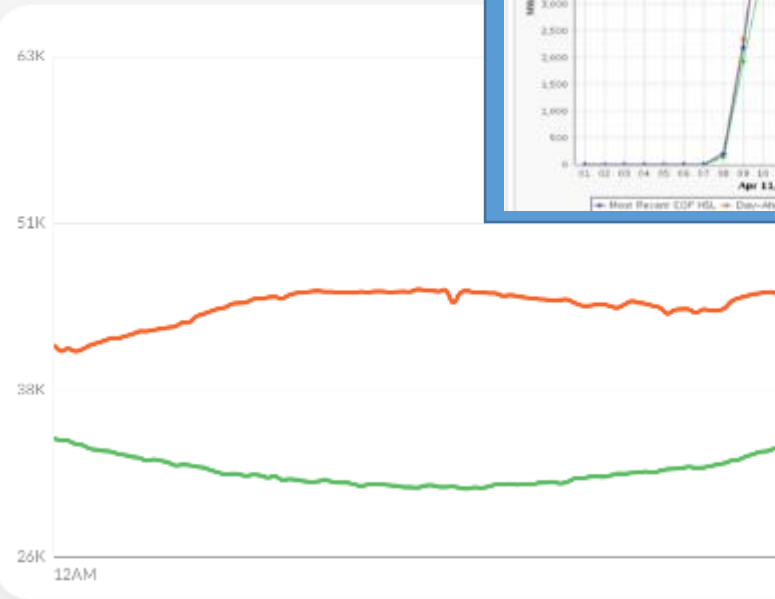
But the CAUSE Was Years in the Making as Reliability & Resilience Were Eroded by Market Distortion-Driven Retirements of Baseload

A PREVIEW OF SHOULDER MONTHS TO COME

Today's Outlook (i)

There is enough power for current demand.

Last Updated : April 11 2021 - 22:14



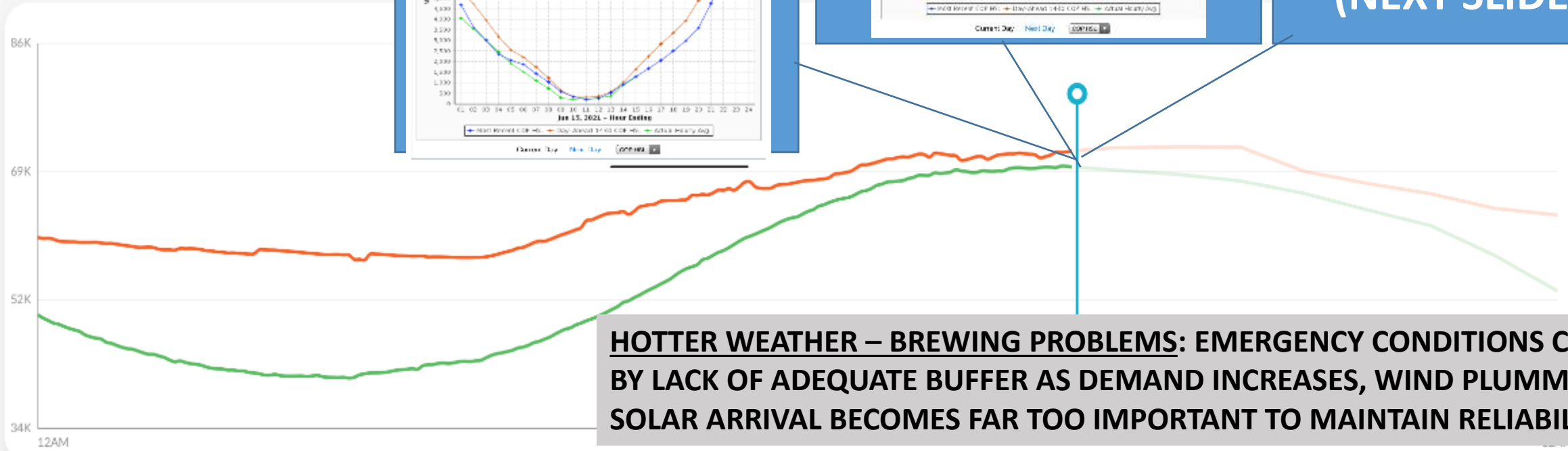
MILD WEATHER – STILL PROBLEMS: EMERGENCY CONDITIONS CAUSED BY LACK OF ADEQUATE BUFFER AS SOLAR DROPS OFF, DEMAND STAYS, & WIND LAGS

A PREVIEW OF SCARY SUMMER SCARCITY

Today's Outlook (i)

● Please reduce power use.

Last Updated : June 15 2021 - 16:23



WHAT IF SOLAR HAD DROPPED OFF LIKE IT DID A WEEK LATER (NEXT SLIDE)?

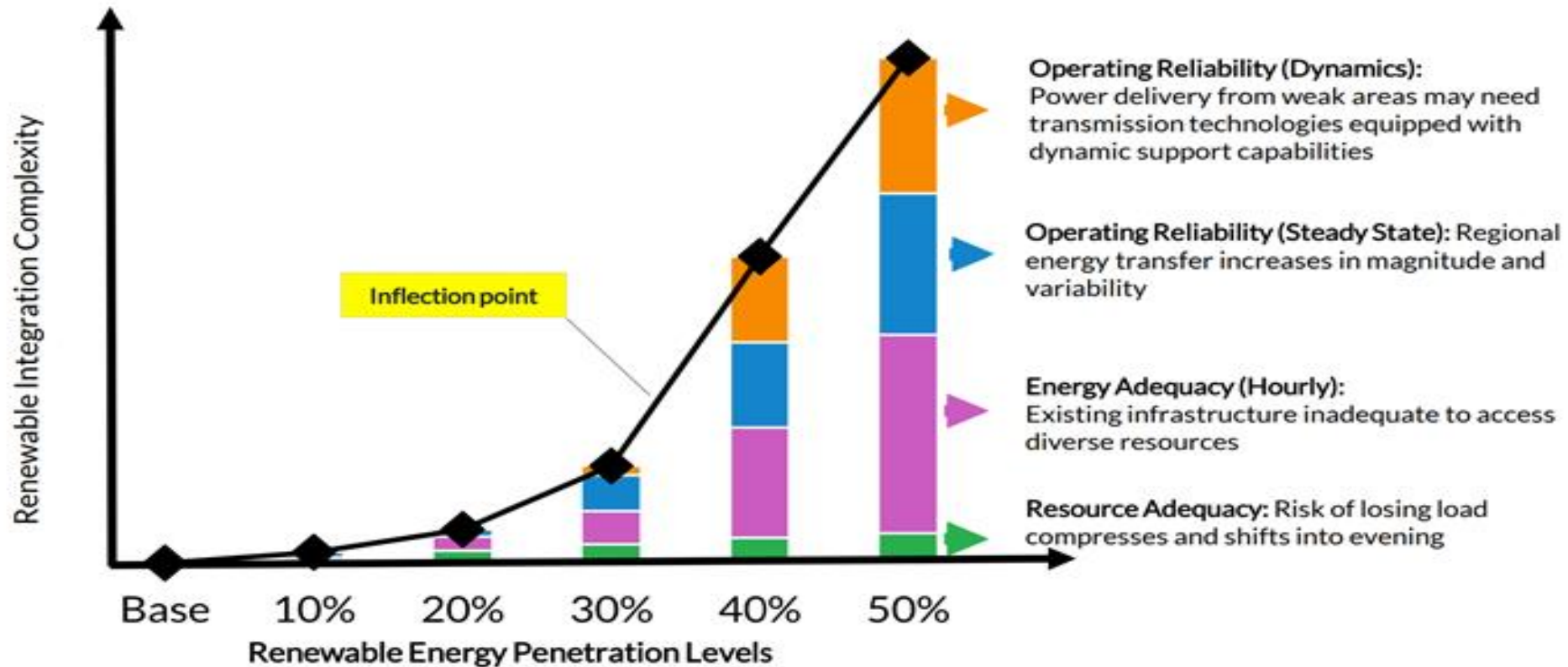
HOTTER WEATHER – BREWING PROBLEMS: EMERGENCY CONDITIONS CAUSED BY LACK OF ADEQUATE BUFFER AS DEMAND INCREASES, WIND PLUMMETS, & SOLAR ARRIVAL BECOMES FAR TOO IMPORTANT TO MAINTAIN RELIABILITY

Source: [ERCOT](https://ercot.com)

For more information, visit lifepowered.org.

MISO Warning of System Stability Issues

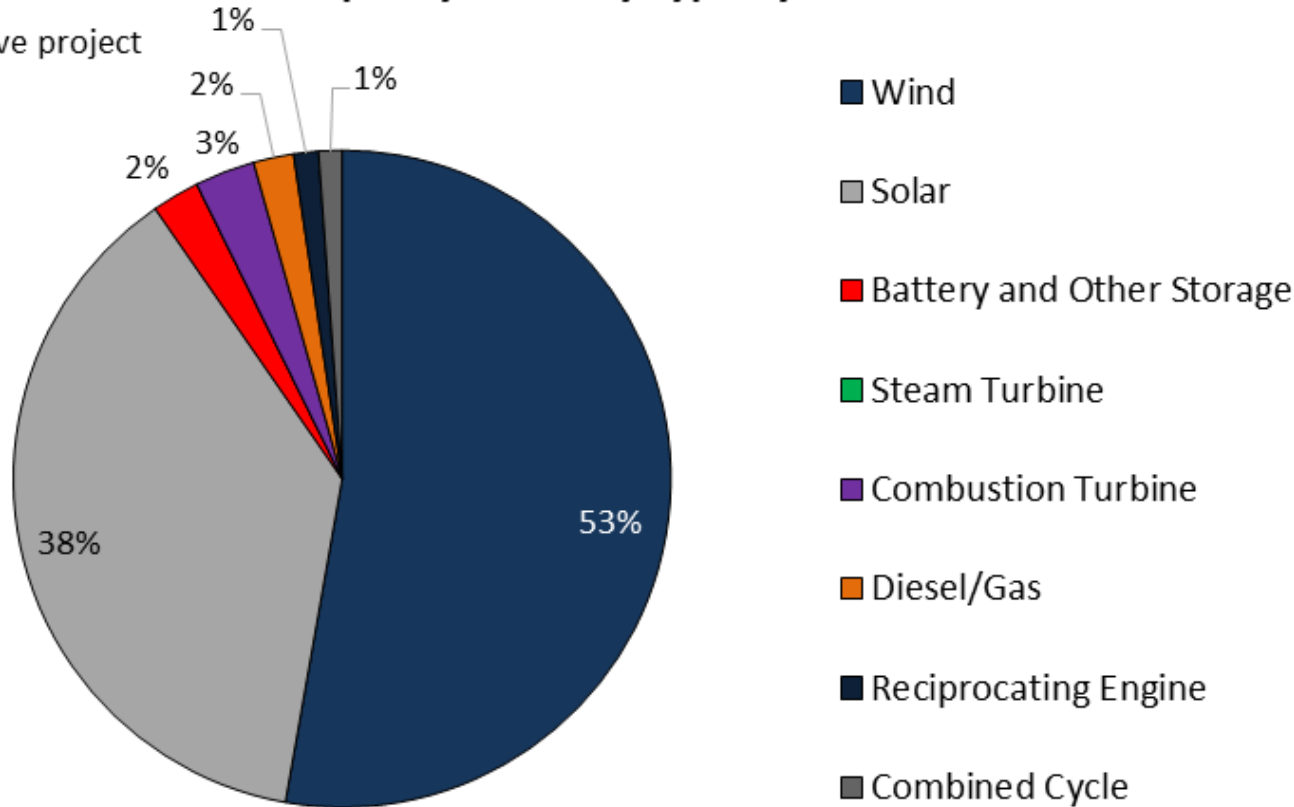
These resource changes will significantly impact grid performance with complexity increasing sharply after 30% penetration levels



MISO & SPP – Future Generation Mix – *Pretty Scary*

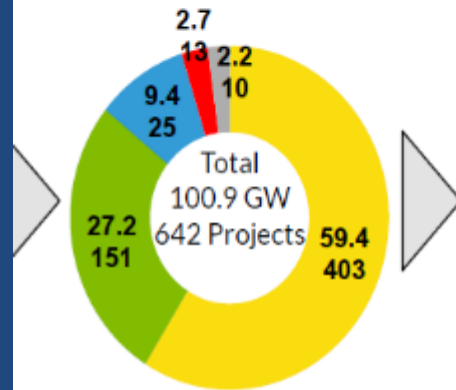
SPP interconnection new capacity listed by type by 2030

% of total active project capacity

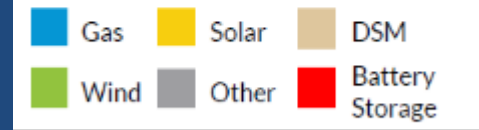
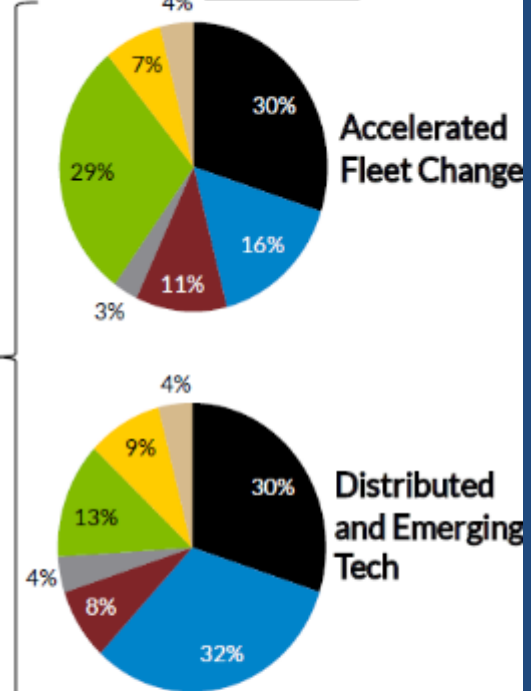


Source: Energy Ventures Analysis

Generator Interconnection Requests



2033 Future Planning Scenarios



ROADMAP THE TEXAS LEGISLATIVE RESPONSE TO THE POWER OUTAGES

Consumer Protection

GRID RELIABILITY
(so the public knows this will NEVER happen again)

Securitization

Coops & REPs

Financing of Uri electric utility costs.
[HB 4492](#) (Paddie)
 Co-op securitization.
[SB 1580](#) (Hancock)

Gas Utilities

Financing of Uri fuel costs.
[HB 1520](#) (Paddie)

Non-ERCOT

Financing of non-ERCOT Uri electric utility costs.
[HB 1510](#) (Metcalf)

Emergency Alerts, Homeowner Backup & Rate Plans

Alerts & Backup

Ban on restricting source of backup:
[HB 17](#) (Deshotel)
 Backup generation options:
[SB 398](#) (Menendez)
[HB 2483](#) (King)

Power outage alert system.
[SB 3, Secs. 1, 2](#) (Schwertner)

Rate Plans & Relief

Ban on wholesale indexed products.
[HB 16](#) (Hernandez)

Wholesale Pricing:
[SB 3, Sec. 18](#)
 Residential protections.
[SB 3, Secs. 8, 9, 10, 11, 20, 30](#) (Schwertner)

Weatherization & Market Reform

Resiliency

Reliability

Weatherization & Load Shed

Electric Generation:
[SB 3, Secs. 7, 12, 13, 16, 23, 24, 39](#)
 Load Shed Procedures:
[SB 3, Secs. 9, 10, 11, 16, 39](#) (Schwertner)

Oil & Gas:
[SB 3, Secs. 5, 6, 7, 21, 22, 25, 38](#)
 Water:
[SB 3, Secs. 26, 27, 28, 29, 31, 32, 36](#) (Schwertner)

Market Refinement

AS & Firming:
[SB 3, Secs. 14, 18, 35](#) (Schwertner)
 EV Charging:
[SB 1202](#) (Hancock)

Transmission:
[SB 3, Secs. 15, 16, 19](#) (Schwertner)
 ERCOT transmission reliability assessment.
[SB 1281](#) (Hancock)

Dispatchable:
[SB 3, Sec. 18](#)
 Distributed:
[SB 3, Sec. 19](#) (Schwertner)
[HB 2483](#) (King)
[SB 398](#) (Menendez)

Accountability & Coordination

ERCOT & PUC

RRC-PUC-TCEQ

Governance

ERCOT:
 Annual independent audit of ERCOT.
[HB 2586](#) (Thierry)
 Independent ERCOT board.
[SB 2](#) (Hancock)

PUC:
 PUC Chair must be Texas resident.
[SB 2](#) (Hancock)
 Suspension of public info law during disaster.
[SB 1225](#) (Huffman)
 PUC expanded from 3 to 5 members.
[SB 2154](#) (Schwertner)

Designation & Mapping

Mapping:
 Designation of gas and electric critical infrastructure
[HB 3648](#) (Geren)
 Critical infrastructure designation & creation of Mapping Committee.
[SB 3, Secs. 4, 8, 16, 17, 37, 38](#) (Schwertner)

Coordination

TERC:
 Expansion of Texas Energy Reliability Council.
[SB 3, Sec. 3](#) (Schwertner)

PUC/RRC/TCEQ Coordination.
[SB 3, Secs. 23, 24, 25, 26, 34, 35, 36, 39, 40](#) (Schwertner)
 Creation of State Energy Plan Advisory Committee.
[SB 3, Sec. 33](#)



GOVERNOR GREG ABBOTT

July 6, 2021

TEXAS GOVERNOR'S PLAN TO ENSURE RELIABLE GRID

- **Streamline 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.** The PUC has the ability to redesign segments of the market to incentivize and maintain the reliable electric generating plants our state needs. Those incentives must be directed toward the types of electric generators we need for reliability purposes. The goal of this strategy is to ensure that Texas has additional and more reliable power generation capacity.
- **Allocate reliability costs to generation resources that cannot guarantee their own availability, such as wind or solar power.** Electric generators are expected to provide enough power to meet the needs of all Texans. When they fail to do so, those generators should shoulder the costs of that failure. Failing to do so creates an uneven playing field between non-renewable and renewable energy generators and creates uncertainty of available generation in ERCOT. To maintain sufficient power generation—especially during times of high demand—we must ensure that all power generators can provide a minimum amount of power at any given time.



GOVERNOR GREG ABBOTT

July 6, 2021

TEXAS GOVERNOR'S PLAN TO ENSURE RELIABLE GRID (cont.)

- **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.** Regular maintenance of our natural gas, coal, and nuclear plants must be strategically scheduled to prevent too many generation plants from being offline at the same time. This will help prevent an artificial shortage of power.
- **Order ERCOT to accelerate the development of transmission projects that increase connectivity between existing or new dispatchable generation plants and areas of need.** Dispatchable generation, such as natural gas, coal, and nuclear power plants, are essential for the reliability and stability of the electric grid because they can be scheduled to provide power to the grid at any time. We must ensure that, at any point in time, ERCOT is utilizing non-renewable electricity in sufficient amounts to maintain reliable power throughout our state.

THE ENERGY BAN BAN (Texas SB 13): Pushing Back on Fossil Fuel Divestment

Texas State
Pensions: ~\$300
billion



Texas Bank
Accounts: >\$100
billion



Texas Contracts:
Tens of Billions /yr



MAJOR
Purchasing
Power Leverage

TEXAS: “You Ban Us & We’ll Ban You”

- Prohibits contracts & investments with companies boycotting fossil fuels.
- Rationale: State should not fund or facilitate companies that deploy agendas that work against the state’s values and economic lifeline.
- Modeled after laws passed to push back on anti-Israel “BDS” movement.
- Directly impacts nearly \$300 billion under management in state-supervised public pensions + billions in state accounts and contracts.
- Preserves “prudent investor” standard & does NOT prohibit investment in/by funds with boycotting companies – just ensures that returns are prioritized over agendas.
- Creates a model for energy-producing states to follow so they can band together to counter virtue-signaling in corporate America.

THE ENERGY BAN BAN (Texas SB 13): (Continued)

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Pensions: ~\$300
billion



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Accounts: >\$100
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Texas Contracts:
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**MAJOR
Purchasing
Power Leverage**

How the Energy Ban Ban Legislation Works:

1. State Comptroller evaluates public filings (and information submittals) to identify companies that trigger the “boycott” definition.
2. State gives notice to companies of their status as a listed companies (subject to divestment by state) due to their anti-fossil fuel stance.
3. Offers the company the opportunity to clarify/change its activities.
4. Company must cease boycotting activity to avoid state divestment.

FEDERAL ENERGY UPDATE:

The Good, The Bad, & the Ugly

QUESTIONS?

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**75TH ANNIVERSARY
ANNUAL MEETING**

JULY 10-14, 2021

NASHVILLE, TENNESSEE