

Testimony to House Committee on State Affairs

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Good afternoon, Chairman Hunter and members of the committee.

Jean Ryall; testifying neutral today for the Advanced Power Alliance or “APA,” the industry trade association representing a diverse cross section of the world’s leading clean energy companies.

In the interest of time, I’ll cover three of the provisions from HB 1500 that APA members are most closely tracking:

- First, the Generation Interconnection Allowance rulemaking, which was completed earlier this year. The intention of this legislation was to limit the burden on ratepayers for unusually costly interconnection of generation facilities. APA members were pleased with Commission staff’s thorough and collaborative approach, particularly the non-biased review of available data that was made public to all stakeholders. We believe this resulted in a fair outcome for all impacted parties.
- Second, ERCOT has been developing the Dispatchable Reliability Reserve Service or “DRRS”. There was clear legislative intent to allow batteries to participate in this service. Unfortunately, ERCOT is developing this service in a way that prohibits battery storage resources from participating altogether. Our members believe it’s reasonable to expect a clear commitment to add batteries, as well as a timeline for full participation.

- Finally, the Performance Credit Mechanism or “PCM”. The consultant developing the PCM has presented a set of unrealistic assumptions that artificially increase scarcity and projects an annual cost to the market of around \$21 billion. APA members support the guardrails set out by the Legislature for the PCM – particularly the \$1 billion annual net cost cap – and we’re hopeful these guardrails will be observed moving forward.

In addition, APA members are interested in the “Firming” requirements outlined in HB 1500. In that regard, I would note that our robust and open market is already delivering a significant level of firming without burdensome mandates, as evidenced by nearly one-third of solar in the queue being co-located with battery energy storage.

In closing, APA members ask that an emphasis always be placed on non-discriminatory policies, as these will allow the complementary strengths of low-cost renewable resources, battery energy storage, and our robust fleet of thermal power to operate harmoniously, increasing the reliability of the system. This approach, and forward-looking investments in transmission, will lead to maximum reliability at an affordable cost.

I appreciate the opportunity to provide input today and am happy to answer any questions you may have.

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