



## Long-Term Resilience of the Electric System and Update on Implementation of Key Legislation

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In the aftermath of Winter Storm Uri and over the past year, legislators, regulators, and AECT member companies have worked together to develop a series of solutions to address the issues related to February 2021 winter storm power outages. These solutions augment the electric system in order to better prepare for extreme winter weather and promote greater resiliency and reliability during potential future natural disasters or challenges.

The Texas legislature passed several bills to bolster the weatherization of the electric system. The Public Utility Commission of Texas and the Electric Reliability Council of Texas have spent the past year implementing rules. AECT member companies actively participated in that process along with many other stakeholders. As evidenced during the most recent winter storm (Landon), communications and coordination efforts among all stakeholders were robust and effective, and demonstrated stakeholders were working in concert.

The solutions adopted by the legislature in 2021 are listed below, along with the status of each.

### Update on Legislation Passed by the 87<sup>th</sup> Texas Legislature

Solution	Key Legislation and Regulatory Activity	Progress / Status
Develop an emergency alert system	SB 3 by Schwertner (Sp: Paddie) PUC Project 52287	<ul style="list-style-type: none"> <li>- PUC has collected comments and held a workshop for a long-term emergency alert program</li> <li>- An interim process is in place at TDEM to enhance emergency communications</li> <li>- PUC has a draft rule under consideration</li> </ul>
Formalize roles and responsibilities of agencies and market participants in a weather emergency, including load shed requirements and communications protocols	SB 3 by Schwertner (Sp: Paddie) PUC Projects 51841 and 51888	<ul style="list-style-type: none"> <li>- PUC has held in-depth briefings and a public workshop on load-shed planning and communications</li> <li>- PUC is enhancing its review of utility electric service emergency operations plans</li> </ul>

Develop a clear, enforceable methodology for coordination among utilities and natural gas providers	SB 3 by Schwertner (Sp: Paddie) HB 3648 by Geren (Sp: Hancock) PUC Projects 52404, 52257	- PUC is leading initial meetings of the Texas Energy Reliability Council (TERC), which includes agencies and representatives from the electric and natural gas sectors
Ban retail plans where residential customers are directly exposed to real-time wholesale power prices	HB 16 by Hernandez (Sp: Hancock) PUC Project 51830	- Wholesale indexed-price plans for residential and small commercial customers have been banned
Weatherization requirements for electric generation	SB 3 by Schwertner (Sp: Paddie) PUC Projects 51840, 52312 and 52691	<ul style="list-style-type: none"> <li>- Weatherization standards are in place for 2021, and under development for future years</li> <li>- Inspections to ensure compliance were completed in December and nearly all facilities met standards</li> <li>- Penalty authority allows for fines as high as \$1 million per violation per day for failure to operate reliably</li> </ul>
Weatherization requirements for natural gas pipelines that serve power plants	SB 3 by Schwertner (Sp: Paddie) PUC Project 52345 RRC Proposed Rule 3.65	<ul style="list-style-type: none"> <li>- PUC registration requirement rule was December 1, 2021</li> <li>- RRC registration requirement rule adopted December 1, and weatherization standards expected to be in place next winter</li> </ul>
Authorize an alternative financing approach for storm costs	HB 4492 by Paddie (Sp: Hancock) PUC Projects 52321, 52322 and 52364	- The PUC has approved financing programs as required under HB 4492
For areas outside ERCOT: authorizing financing structure for storm hardening and weatherization costs, promoting distribution hardening and allowing consideration of dual-fuel use for non-ERCOT generation	HB 1510 by Metcalf (Sp: Creighton)	- Legislation allows for enhancements for utilities outside ERCOT to harden systems and respond to future storms