



# SIERRA CLUB

## LONE STAR CHAPTER

Re: PUCT Proposed LAR, 26-27

From: Cyrus Reed, Legislative and Conservation Director, Sierra Club (Lone Star Chapter), 1-512-888-9411, [cyrus.reed@sierraclub.org](mailto:cyrus.reed@sierraclub.org)  
To: Legislative Budget Board

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The Lone Star Chapter is the state chapter of the Sierra Club, the nation's oldest and largest conservation organization. We have approximately 25,000 members in Texas.

We are a frequent participant in issues at the PUCT, particularly in the last few years through the Sunset Commission process and passage of HB 1500, the continued issues with reliability that were revealed through both Winter Storm Uri but also more recent storms such as Hurricane Beryl. As an agency, particularly given the expanded role placed on the PUCT in recent years - from water utility oversight, to more direct management of ERCOT, to the dizzying number of projects required by recent legislation (HB 1500, HB 5066, SB 1699) - PUCT has an expanded role and is under pressure to meet multiple statutory deadlines. Last legislative session, they received significant additions to their funding, which the Sierra Club very much supported.

We believe the agency is in a much better position than a few years ago because of these investments. As an example, the PUCT now has a dedicated Office of Public Engagement (OPE) staff, has vastly improved their website, and recently created a new Energy Efficiency Division, a key demand of the Sierra Club. Most recently, after significant delay, the agency finally began rulemaking on key provisions of SB 1699, which will require new residential demand response goals. This likely would not have happened without the creation of the new division.

The Sierra Club supports PUCT's base budget request. The total baseline General Revenue-related limit for the PUCT for the FY 2026-2027 biennium is \$66.3 million

(\$56.3 million in General Revenue and \$10 million in General Revenue-Dedicated funds from Water Resource Management Account No. 153). Additionally, the PUCT has appropriated receipts of \$950,000, and \$5 billion in appropriations for the Texas Energy Fund. The PUCT's total baseline request equals the agency's FY 2024-2025 appropriation and maintains the PUCT's full-time employee (FTE) baseline cap at 283 for the FY 2026-2027 biennium.

In addition to this baseline, PUCT is requesting \$7,846,850 in fiscal year 2026 and \$7,646,850 in fiscal year 2027 in exceptional items to increase staffing to keep pace with the necessary regulatory functions to ensure reliable utility services at a reasonable cost for Texans and address customer service and caseload growth challenges ; implement a case management system as recommended by the Sunset Commission; enhance PUCT's focus on infrastructure reliability and resiliency; support expansion of the Texas Energy Fund; and refresh the Power to Choose resource. The PUCT is requesting a total of 53 FTEs among the exceptional items.

The Sierra Club is generally supportive of these five requests, and in particular EI Requests 1, 3 and 5. The PUCT clearly needs more staff with the new discussions on resiliency and reliability and the heavier obligations under both transmission CCNs and water rate cases. It is very important that we have updated and accurate outage maps either at the state or local level given Texans' experience during Beryl. We have a few additional points we would like to make regarding these requests.

### **Still need to solve water funding**

The PUCT rightly points out that with the transfer of staff and responsibility over water from the TCEQ to the PUCT was a lack of funding needed to truly run the program. We support finding a solution, be it reforming the Fund itself – Fund 153 - or finding another source of money to fully support the agency. We would note that statutorily there are many caps on water fees that prevent the revenues from growing in Texas, and a look at all the fees that flow into Water Management Account 153 is needed, with potential statutory changes. PUCT has separately proposed a Method of Finance change that should be considered, which would involve changing the Utility Gross Receipts Assessment to include water utilities, with those funds flowing to the PUCT.

### **Texas Energy Fund**

We do believe that Exceptional Item 4 is important given continued interest in the Texas Energy Fund. It is likely the Legislature will appropriate the additional \$5 billion for the Texas Energy Fund this session. However, the item appears only to be related to the

generation portion of the Texas Energy Fund. We would note that we believe the exceptional item should also assess not only the in-ERCOT generation loans, but also staff needed to implement the outside of ERCOT resilience grants and loans, and the Texas Power Promise: Backup Power Packages. We think this exceptional item should be amended to include reference to these other programs. We have been disappointed that rulemaking on these two other programs has yet to begin. The exceptional item should address all four programs that voters approved as part of the TEF. In addition, we would suggest adding a new performance measure not just for adding MWs for generation, but also the number of Backup Power Packages that have been implemented within ERCOT, as well as projects implemented outside of ERCOT.

### **Better Power to Choose website**

We do support looking at improving the Power to Choose website. In particular, we would note that with new types of Retail Electric Provider plans - including those allowing for Aggregated Distributed Energy Resources, Electric Vehicle Charging or demand response capabilities - mean that the PUCT may want to have a more expansive website so that Texans can compare different plans. We support this exceptional item request.

### **Other Issues**

We would note that separately we have called for giving the PUCT a larger role over enforcement of the gas supply, such as the creation of a Gas Supply Market Monitor that would operate similar to the Independent Market Monitor for the competitive electric market. We have also suggested that gas rate cases be transferred from the Texas Railroad Commission to the PUCT. We have also called for the creation of a new Texas Energy Efficiency Council which would allow the PUCT to coordinate energy efficiency funding and programs with other state agencies. We recognize that these issues are beyond the scope of this LAR hearing but if legislation were to pass these could be additional costs that would need to be addressed in the PUCT's LAR.

The Sierra Club appreciates the opportunity to make these brief comments.

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