



The Senate of The State of Texas

DAN PATRICK
LIEUTENANT GOVERNOR

CAPITOL OFFICE
State Capitol, Room 2E.13
Post Office Box 12068
Austin, Texas 78711
(512) 463-0001
Fax: (512) 463-8668

August 2, 2024

The Honorable Thomas Gleeson, Chair, Public Utility Commission of Texas
The Honorable Lori Cobos, Commissioner, Public Utility Commission of Texas
The Honorable Courtney Hjaltman, Commissioner, Public Utility Commission of Texas
The Honorable Jimmy Gotfelty, Commissioner, Public Utility Commission of Texas
The Honorable Kathleen Jackson, Commissioner, Public Utility Commission of Texas

Re: Application of CenterPoint Energy Houston Electric, LLC to Amend its Temporary Emergency Electric Energy Facilities Rider (Public Utility Commission Docket No. 54830)

Dear Commissioners,

I am writing to urge the Public Utility Commission of Texas (Commission) to conduct an immediate review of CenterPoint Energy's Temporary Emergency Electric Energy Facilities (TEEEF) Rider.

As you are aware, the Texas Legislature passed HB 2483 (87R) and HB 1500 (88R) to enable Transmission and Distribution Utilities (TDU) to lease mobile generation units for use during emergencies causing large-scale power outages, such as severe storms or hurricanes. The intent of this legislation, as well as SB 1075 (88R) as passed by the Texas Senate, was to allow TDUs to lease small mobile generators to quickly get power to critical facilities following a major emergency. This legislation was supported by CenterPoint, AEP, Oncor, and TNMP (see enclosure).

While several TDUs, including AEP and Oncor, followed the legislation and leased small mobile generators that have proven effective in emergency response, CenterPoint deviated from this approach, instead appearing to choose to prioritize profits over effectiveness. Rather than leasing small mobile generators as intended by the legislation, CenterPoint squandered \$800 million of ratepayer funds on massive non-mobile generators while spending only .000625% of that amount on what the legislation called for and would have actually helped their customers in the aftermath of Hurricane Beryl. As a result, CenterPoint was forced to borrow small mobile units from other TDUs that had complied with the legislation while their large non-mobile generators sat idle. This not only undermined the effectiveness of their storm response but also highlighted a misuse of the allocated funds.

During the recent Senate Special Committee on Hurricane and Tropical Storm Preparedness, Recovery, and Electricity hearing, it was revealed that CenterPoint's strategy of leasing these large generators will result in at least \$30 million in profits, despite providing limited to no benefit during over 99 percent of emergencies. In fact, they admitted these large generators have never been used.

Public Utility Commission
August 2, 2024
Page 2

This is unacceptable. CenterPoint's actions represent a clear departure from the legislative intent and, most importantly, will cost ratepayers significantly.

The Commission has a duty to ensure customers only pay just and reasonable rates for transmission and distribution services. Toward that end, I urge the Commission to immediately utilize any and all authority to reconsider CenterPoint's previously approved TEEEF Rider, as well as to take action as needed to change any rates that are unjust, unreasonable, or in violation of any law.

CenterPoint either made the choice to pursue profit over protecting the customers they serve or made a bad business decision on behalf of the rate payers by pretending these units were "mobile" when they were not. Either way, the decision violated the "reasonable and necessary cost" statutory provisions, and CenterPoint should be disallowed from using ratepayer dollars to pay for these leases.

Thank you for your service to Texas and for your prompt attention to this critical issue.

Sincerely,



Dan Patrick
Lieutenant Governor

Enclosure

CC: Senator Charles Schwertner
Senate Special Committee on Hurricane and Tropical Storm Preparedness, Recovery, and
Electricity

Support SB 1075 by Sen. King

Temporary emergency electric energy facilities help vulnerable customers and keep critical infrastructure online

In the wake of Winter Storm Uri (Feb. 2021), Texas Legislators passed Section 39.918 of the Utilities Code (HB 2483) to allow transmission and distribution utilities to use temporary emergency generation during widespread power outages. SB 1075 provides statutory clarity and opportunity to better protect public health and safety, while reinforcing existing protections for the competitive generation market.

Clarity on deployment = better emergency management planning

- SB 1075 establishes use cases for deploying emergency generation assets, which include outages:
 - that pose a risk to public health or safety;
 - in areas covered by governor's disaster or emergency declarations;
 - that affect a critical infrastructure facility, hospital, health care facility, law enforcement facility, fire station, or water or wastewater facility.
- The bill also would allow the Texas Division of Emergency Management, ERCOT, or the executive director of the PUC to direct that the assets be used in other emergency scenarios.

Reduced costs = savings for consumers

- SB 1075 would allow utilities to own temporary emergency generation assets in addition to leasing them.
- Ownership of the assets should reduce the costs incurred by utilities and charged to customers. Utilities must pay the margin of a lessee that would not be incurred if the utilities owned the assets.
- Removal of the Sept. 1, 2029, sunset should also allow the costs to be amortized over a longer period of time, reducing monthly costs to customers.

Protection for the competitive generation market

- These assets may only be used to protect public health and safety in emergencies, not to sell power into the wholesale market.
- SB 1075 will maximize the use of emergency assets while still protecting the competitive generation market.

Faster outage rotation helps vulnerable communities and working families

- Events such as Winter Storm Uri exposed the potential disparities sustained power outages can impose on vulnerable communities. Emergency generation aids in lessening these effects by enabling faster rotation of outages.
- When schools lose power and close, working parents with children shoulder the added costs of taking off work or paying for childcare.

Demonstrated value in keeping the state online

- Transmission and distribution utilities have already deployed use of temporary emergency energy assets since the law passed during extreme weather-related events in several areas of the state.
- Such deployments have among other uses allowed schools to reopen, water treatment facilities to operate safely, and allow residents to have access to a cooling and water distribution center in the aftermath of a hurricane.

Support SB 1075 by Sen. King

Temporary emergency electric energy facilities help vulnerable customers and keep critical infrastructure online



After Hurricane Nicholas made landfall in Sept. 2021, CenterPoint Energy's mobile generation units powered a community center in Lake Jackson to serve as a central hub for cooling, charging, and food and water distribution.



AEP Texas is currently re-constructing the transmission line from Escondido to Beeville. The mobile generation is a temporary back-up plan until such construction is complete.



During the February 2023 winter ice storm, Oncor deployed three mobile generation units to water treatment facilities in Elgin and Taylor providing critical power supply to these facilities until electric service could be restored.



In Jan. 2023, CenterPoint Energy used one 5 MW unit to power two adjacent schools after the EF3 tornado event damaged electric infrastructure.

