

TSPA Testimony on HB 4466 (Phil King)  
Assigning ancillary services costs to solar

Thank you Mr. Chairman and members. My name is Charlie Hemmeline, executive director of the Texas Solar Power Association testifying respectfully in OPPOSITION to HB 4466.

THE TEXAS SOLAR POWER ASSOCIATION is the statewide trade association for the solar industry in Texas. Our membership serves customers in both wholesale and retail markets, and includes large-scale power plant developers, manufacturers, and others across the full supply chain.

Ancillary services are an important component of reliable grid operation in ERCOT and they are procured to cover a wide range of contingencies for both generation and load.

For example, ERCOT plans for the contingency of a large generator outage by procuring a quantity of responsive reserves greater than or equal to the largest generation unit, which is currently a nuclear power plant. On the load side, ERCOT must mitigate the frequency impact of very large and variable industrial loads such as the electric arc furnaces at steel mills that are used to melt cars and other scrap.

Unfortunately, HB 4466 takes a narrow view by focusing only on the operation of solar power and wind. If we are going to revisit how ancillary services are paid for, we should be looking at their full range of causes.

In practice, all generators are intermittent no matter their fuel source.

In 2019, fossil-fueled generators experienced over 2,100 forced outage events due to problems with steam turbines, boilers, and other plant systems. They also experienced over 2,200 instances of reduced output due to issues such as low BTU or wet coal, and pulverizer issues.

ERCOT forecasts 3,000-6,000 MW of such outages in their various scenarios of seasonal resource adequacy, based on the historical frequency of these events. That's in addition to planned outages for maintenance.

This is why we have an interconnected grid. No one generator can run all of the time and so they all work in tandem to keep the grid energized. In practice, all generators are continuously backing up all other generators – minute to minute and season to season.

Of course, solar too is variable. There is absolutely no hiding that the sun comes up and goes down. Thankfully, that also means that solar is highly predictable since we know exactly where the sun is going to be at any given moment. Mark your calendars for April 8<sup>th</sup>, 2024 because I can tell you that we're going to have a solar eclipse that day. At 1:36pm.

In context with the operations of large industrial loads and large generators, the impact of solar on ancillary services procurement is relatively small.

And beyond being a cause, solar is ready to be a provider.

Due to the legacy design of ancillary services procurement, solar is not currently participating but at the direction of the Public Utility Commission, ERCOT is undertaking a market improvement effort known as real-time co-optimization that will better leverage the full technological capability of the ERCOT fleet.

We believe that continuing to move forward in a technologically-neutral way will bring more flexibility to ERCOT market operations and ultimately lead to greater reliability and lower cost for consumers.

For these reasons, we respectfully oppose HB 4466.

I appreciate the opportunity to be here today and I'd be happy to take any questions.