

TSPA Testimony on HB 4502 (Vasut)
Generator interconnection

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 4502.

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.

Due to rapidly declining technology costs and a commensurate increase in customer demand, the solar industry has added 5 GW of wholesale solar generation capacity to the ERCOT grid since 2017, with several gigawatts of additional projects in the queue.

Those additions have boosted grid reliability and helped raise the summer planning reserve margin from 8.6% in 2019 to 15.5% this summer. They also have provided a significant economic development benefit to communities, with projects reaching late-stage development in 63 different counties across every region of Texas.

Unfortunately, the provisions in HB 4502 represent a significant disincentive to continued investment that we fear would have severe consequences for both current and future solar development activity.

In the ERCOT energy-only market, generators already bear the full risk of investment and adding new interconnection costs would be a major new hurdle.

In other markets that our member companies participate in, generators do pay for certain transmission upgrades but they also get firm transmission rights that ensure they are able to fully produce without congestion charges. We would have concern with a piecemeal approach that raises construction costs without a corresponding benefit in operation.

We're also not aware of any published reports or data that characterize the perceived issue this bill seeks to address. For example, data that quantifies the range of generator interconnection costs and annual totals, how those costs compare to the costs for interconnecting new loads, or the impact of

interconnection costs on consumer bills. Without a complete picture of the current situation, there is a risk establishing a significant new disincentive for generation for an uncertain benefit.

I'll also note that the current system already gives strong signals to solar developers on where to site. The past few years have seen a major shift in development activity away from locations primarily in west Texas where the solar resource is strongest, and toward the Houston area and Dallas/Fort Worth area. Projects are moving closer to our major load centers based on market pricing and that helps the state get the most out of its existing transmission infrastructure.

Customer demand for electricity continues to grow in Texas and we will need to continue adding new generation to meet that demand. The state's current approach to generator interconnection has been successful in facilitating that investment and we hope to see it continue as is.

For these reasons, we respectfully oppose HB 4502.

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