

Mentor Assessment #1

Name of Mentor: Christopher Lee

Profession: Director of Government Affairs

Company: Frisco Chamber of Commerce

Date of Interview: 02/25/2021

Assessment:

At this week's mentor visit Mr. Lee and I discussed the legal and legislative repercussions of the winter storm that swept through the vast majority of Texas last week. We came to this topic because I had recently been looking over legislation that's been proposed as a result of the problems that were highlighted by the storm and during our meeting, there was a hearing being held by the Texas House of Representatives with the owners and directors of various bodies that had a hand in the Texas power industry.

We started out with Mr. Lee outlining what makes Texas different from other states in the U.S. when it comes to energy production. Texas is in quite a special position because we have a separate power grid from the rest of the United States. This means that while the majority of western states are a part of the Western Interconnect Grid, or WIG, and the eastern states are a part of the Eastern Interconnected Grid, or EIG, Texas has its own personal grid known as the Texas Intervention Grid or ERCOT. This presents its own positives and negatives. A positive is that since it is an isolated grid that does not cross any state boundaries its regulation and management are left solely up to the Texas legislature and Texas electrical companies' discretion. This allows the companies to give generally lower rates compared to states that are a part of the larger interconnected grids within the country. The downside to this is that since its regulation is under the states' discretion there is less of an incentive and need to update and maintain the Texas grid. This leads to the neglected action that resulted in un-winterized power plants and the mismanagement of the rolling blackouts and power conservation efforts. Being a part of an isolated grid also presents the issue of not being able to import or "borrow" electricity from neighboring states. This is what partially caused Texas to not be able to meet the energy demands of its citizens last week. This also works both ways because, as Mr. Lee put it, it makes us "bad neighbors". This means that we are unable to assist neighboring states in case they are experiencing an emergency in which they can't meet the demand for electricity for their citizens.

We then moved on to breaking down the rough structure of how the Texas legislature interacts with the various power companies that supply Texans. Mr. Lee showed me a pretty simple to understand tree model that has the Texas legislature at the top and then below is the Public Utility Commission of Texas or PUC. The PUC is a commission created by legislation in 1975 which provides statewide regulation of the rates and services of electric and telecommunications utilities. The PUC then oversees the non-profit organization known as The Electric Reliability Council of Texas or

ERCOT. ERCOT operates and manages the deregulated electric grid market for 75% of Texas. They act as the middleman between the actual power generators and facilities and the distributors/ retail providers.

We then finished up this portion of the visit by assessing what would happen if Texas was to one day join the two larger interconnected grids that covered the other states in the U.S. If Texas was to join either the WIG or the EIG it would increase electricity rates for citizens and cause power companies to spend millions of dollars to update their grids and regularly maintain and prep them to meet federal guidelines presented by The Federal Energy Regulatory Commission or FERC. While this would be good in the long run by preparing us for any other sort of energy emergencies we could see in the future it would result in costing millions of citizens more on average to pay for not only these higher rates but also the manpower needed to prep and maintain these power cities.