



The Senate of Texas

KEVIN SPARKS

DISTRICT 31

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STATE SENATOR SPARKS FILES THIRD 89th PRIORITY LEGISLATIVE PACKAGE ON GRID RELIABILITY

[Austin, TX] – Senator Kevin Sparks (R-Midland) announced his third legislative priority package, aimed at securing Texas’ electric grid. As the Texas energy sector undergoes a major transformation, facing rising demand and a rapidly changing landscape, ensuring the grid’s stability is more critical than ever. Senator Sparks’ legislative package on grid reliability addresses population expansion, transmission planning, reliable generation, and correcting federal interference. Senator Sparks 89th Legislative Priorities on ‘Grid Reliability’ consists of the following pieces of legislation:

SB 715: Consistent Reliability Requirements: Removes the bifurcated timeline structure regarding the reliability requirement, so the new standard will be followed by all grid participants.

SB 391: Permian Basin Transmission Planning: Updates the Electric Reliability Council of Texas’ Permian Basin Reliability Plan for the region every five years.

SB 714: Market Distortion Solution: Eliminates or compensates for market distortion in electricity pricing caused by the benefits renewable energy receives from the federal subsidies.

SB 970: Texas Energy Fund Prioritization: Prioritizes cost-effective, reliable baseload generation for the Texas Energy Fund.

“My legislative package focuses on securing the electric grid and ensuring the state keeps up with the growing generation demand and provides affordable, reliable, and responsible energy for every Texan,” stated Senator Sparks. “I look forward to working on compensating for the influx of federal energy subsidies that have distorted the market and reforming the Texas Energy Fund to protect Texans from the soaring electricity costs caused by short-term fixes. Investing in dispatchable natural gas is a step toward improving energy efficiency, and we must leverage technology that serves the best interests of ratepayers.”

“We extend our heartfelt gratitude to Senator Kevin Sparks for his unwavering leadership and dedication to advancing Texas’ energy infrastructure. Together, we are paving the way for a brighter, more resilient future.” -
Doug Robison, Founder and CEO - Natura Resources

The following pages detail each bill regarding background, key provisions, and statements of supports.



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SB 715 – CONSISTENT RELIABILITY REQUIREMENTS

Background

In February 2021, Winter Storm Uri led to a surge in power demand, prompting the Electric Reliability Council of Texas (ERCOT) to implement rolling blackouts across the state to prevent a catastrophic total blackout. Following Winter Storm Uri, the 88th Texas Legislature made numerous changes to the electric industry to secure the state's power sector. It moved up the sunset dates for the Public Utility Commission of Texas (PUC), which has complete authority to oversee ERCOT. HB 1500 reauthorized the PUC and attached additional measures, including requiring ERCOT generators (other than battery storage) to execute a generation interconnection agreement on or after January 1, 2027, and meet specific performance standards annually or else pay a fine. Generators will need to demonstrate their ability to produce power when called upon by ERCOT. The PUC is required to set the applicable performance standard for each resource type and establish the scale of financial penalties for noncompliance.

Key Provisions

This bill removes the 2027 timeline for the reliability requirement in HB 1500 so the new reliability standard will be followed by everyone.

Statements of Support

“The 88th Legislature took major steps towards ensuring the reliability of our grid with the passage of HB 1500, most importantly the necessity for new generators to meet a reliability requirement. It is crucial that all generators, not just new ones, are held to this same standard. SB 715, filed by Senator Kevin Sparks, will do just that. TPPF commends Senator Sparks for his work on this issue. This is the reform that Texans badly need to keep the grid up and energy prices down.” - **Greg Sindelar, CEO - Texas Public Policy Foundation**



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SB 391 – PERMIAN BASIN RELIABILITY TRANSMISSION PLANNING

Background

The Permian Basin has long played a vital role in establishing Texas as a leader in energy production, contributing significantly to the state, nation, and global energy markets. However, infrastructure has not kept pace with the region's rapidly growing energy demands, highlighting the need for a proactive strategy to ensure the electric grid is prepared to meet current and future demands. The 88th Texas Legislature passed HB 5066 by Rep. Geren, which created a specific statutory provision requiring the PUC to direct ERCOT to develop a one-time reliability plan for the Permian Basin Region by January 30, 2024. The plan addressed growing concerns over insufficient transmission access in the Permian Basin and laid the groundwork for critical infrastructure upgrades and increased investment in transmission and distribution capacity. ERCOT evaluated the transmission facilities needed to serve the Permian Basin region based on the 2030 and 2038 load forecasts provided by the Transmission and Distribution Service Providers and filed the Permian Basin Reliability Plan on July 25, 2024.

Key Provisions

This bill amends the Utilities Code for the ERCOT power region to update this reliability plan every five years.

Statements of Support

“As Texas continues to grow, it is imperative that we are prepared to meet the demand. We are building on the work done last session to ensure our grid’s reliability and continue to foster Texas’ energy dominance. Transmission lines are critical to our grid’s stability and necessary for the Permian Basin to continue being a worldwide leader in energy production – this legislation provides the framework to meet these needs.” - **Eddie Morales, Texas State Representative - Texas House District 74**

“Electric transmission infrastructure has long been a priority for Permian Basin Petroleum Association members and we greatly appreciate Sen. Sparks’ leadership. This bill ensures that despite recent success, we continue to have a forward looking view to develop the infrastructure necessary to power the Permian Basin for those that live, work, create jobs, and raise their families.” - **Ben Shepperd, President - Permian Basin Petroleum Association**

“TIPRO is pleased to support Senate Bill 391, and we greatly appreciate Senator Sparks for his leadership on this ongoing priority. With load demand for the oil and natural gas industry already unmet and expected to increase significantly over the next decade, this plan will provide critical investment in transmission, related infrastructure, and capacity. A five-year review will help to ensure that we effectively address future demand and everchanging market conditions in the Permian, the epicenter of oil and natural gas development.”- **Ed Longanecker, President - Texas Independent Producers & Royalty Owners Association**

“The oil and gas we produce in the Permian is of increasing national and global significance. The expansion of electric power availability in the Permian Basin is critical to the continued development of those energy resources, and to our members' ability to grow production. We applaud and support Senator Sparks' efforts to bring this to fruition by providing the necessary legislative framework to bring that power to the Permian.” - **Karr Ingham, President - Texas Alliance of Energy Producers**



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SB 714 – MARKET DISTORTION SOLUTION

Background

The Production Tax Credit (PTC) is a federal subsidy that allows owners and developers of renewable energy facilities, mainly wind, to claim a tax credit for each kilowatt-hour (kWh) of electricity they generate. The tax credits can be received for ten years after the facility begins production. To obtain the full production tax credit of 2.6 cents per kWh or full investment tax credit of 30 percent, projects over 1 megawatt (MW) must satisfy apprenticeship and prevailing wage requirements. Despite wind and solar representing 46 percent of the federal renewable electricity-related subsidies, it only makes up a small fraction of total energy generated — wind represents 3.5 percent, and solar represents 2 percent. As a result, the renewable energy industry relies more heavily on subsidies compared to other forms of energy production.

Key Provisions

This bill requires the PUC and ERCOT to adjust rates based on the benefit wind energy receives from the PTC. Furthermore, it ensures that the price of producing and maintaining capacity are assumed by the parties imposing the costs and not the taxpayers. SB 714 will provide needed transparency on market distortions from the federal government for renewables.

Statements of Support

“SB 714 is a critical step toward improving reliability in the ERCOT grid by addressing the market distortions caused by federal tax credits for intermittent energy sources like wind and solar. By ensuring that the costs of unreliable generation are borne by those resources, this legislation promotes a more balanced and resilient energy market for Texas.” - **Hon. Jason Isaac, CEO - American Energy Institute and Former Texas State Representative**



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SB 970 – TEXAS ENERGY FUND PRIORITIZATION

Background

The Texas Energy Fund (TEF) was created by the 88th Texas Legislature through SB 2627, the Powering Texas Forward Act, to provide grants and loans to finance the construction, maintenance, modernization, and operation of electric facilities in Texas. The TEF offers funding opportunities for electric generation projects inside and outside the ERCOT power region through four programs. Currently, the TEF In-ERCOT Generation Loan Program and Completion Bonus Grant Program require new generation capacity for projects to add a minimum of 100 MW to the ERCOT grid. Its programs include grants and loans for projects inside and outside the ERCOT region. The high number of applicants for the TEF In-ERCOT Loan Program underscores the urgent need to expand funding to keep up with the state's growing energy demand. The TEF must be reformed to prioritize cost-effective, reliable baseload generation.

Key Provisions

This bill directs the commission to prioritize the award of a grant or loan with a generation capacity of at least 750 MW.

Statements of Support

“Senator Kevin Sparks’ SB 970 is a critical step toward strengthening Texas’ electric grid by ensuring Texas Energy Fund resources support reliable, high-capacity generation.” - **Hon. Jason Isaac, CEO - American Energy Institute and Former Texas State Representative**