

May 3, 2022

The Honorable Sylvester Turner
City of Houston
P.O. Box 1562
Houston, TX 77251

Dear Mayor Turner,

We write today to urge the City of Houston to create a bulk purchasing program to help Houstonians purchase cheaper, cleaner electricity.

As you know, Texas cities are significant contributors to the climate crisis, with Houston leading the state in greenhouse gas emissions. Commercial and residential building energy use is responsible for roughly half of those emissions.¹

That's why it is essential that decisive action is taken on greening the energy sources powering Houston's homes and businesses. Houston's Climate Action Plan calls for generating 5 million megawatt hours (MWh) of local solar power per year by 2050. This is an ambitious goal and a definitive step in the right direction for mitigating Houston's environmental impact.

However, Houston operates in the deregulated energy market with limited government oversight, so the power of leaders to drive significant changes in their respective energy mixes is restricted. But by creating a "public option" for residents to purchase electricity, the City can significantly influence the direction of the market.

Community bulk power programs, known as Community Choice Aggregations (CCAs), allow municipalities to pool the electricity power of their residents, securing more renewable energy at cheaper rates than can be achieved via buying power from a utility or individual purchasing decisions².

- CCAs are effective – in 2017, 750 CCAs secured 42 million MWh of electricity for 5 million consumers, about 1.1% of all U.S. retail power purchases.
- Bulk purchasing via CCAs can secure electricity rates up to 15-20% below residential retail rates for their participants.
- In 2017, CCAs procured about 8.9 million MWh of renewable energy – enough to power around 836,000 homes – beyond the amount required by state mandates
- Some CCAs also provide other member services and incentives. CCAs in Cleveland, Ohio Carbondale, Illinois, and the Cape Cod/Martha's Vineyard area of Massachusetts, for example, all have provided members lower electricity rates, substantial amounts of renewable energy and energy efficiency services.

¹ "Houston Climate Action Plan," <http://greenhoustontx.gov/climateactionplan/>, April 22, 2020.

² "Cleaner, Cheaper Power for Texas Communities,"

<https://environmenttexas.org/sites/environment/files/reports/TX%20Bulk%20Power%202021%20final%20PDF%20031621%20%283%29.pdf>, Environment Texas Research and Policy Center, April 27, 2021.

While CCAs akin to those in other states are not explicitly authorized in Texas, **Houston can act using other mechanisms in existing Texas law to conduct bulk electricity purchasing**, enabling communities to secure lower prices for power and obtain more renewable energy than they would be able to do otherwise.

To develop a community bulk power program, Houston should explore using Texas Public Utility Commission (PUC) rules (§25.111, Registration of Aggregators) that allows for the creation of an aggregation for the purpose of purchasing electricity. The city could register as an aggregator itself, or could register another body, such as a non-profit or public corporation owned by the city, which would then contract with an REP to administer the program. Under PUC rules any city customer could choose to participate in such a program.

While not a CCA, such a community bulk power entity could be set up with the goals of negotiating bulk purchases of electricity at lower costs and of securing higher proportions of renewable energy for its members. This would help reduce greenhouse gas (GHG) emissions and benefit consumers. There appear to be neither legal impediments nor market size constraints to establishing such a structure, and PUC rules lay out clearly how such a community bulk power aggregation could be established.

Community bulk power purchasing can also help meet other goals. Houston can use its buying power to negotiate as part of bulk purchasing investments in weatherization, bill assistance, or on-site solar to improve energy reliability.

In conclusion, creating a community bulk power option for electricity is a versatile tool that Houston can use to meet its climate goals and transition to clean power. By bundling together residents' power purchases, the City can deliver cleaner, cheaper power for all.

Sincerely,

Luke Metzger
Executive Director, Environment Texas

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Executive Director, Air Alliance Houston

Adrian Shelley
Director, Public Citizen's Texas Office

Alán M. de León
Policy and Advocacy Manager, MOVE Texas

Ayanna Jolivet Mccloud
Executive Director, Bayou City Waterkeeper

Julia Lewis and Tommy Wan
Houston Youth Climate Strike

Cyrus Reed
Conservation Director, Lone Star Chapter of the Sierra Club

Rahul Naik
Climate Justice Chair, Sierra Club, Houston Regional Group

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