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Testimony from:  
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House Committee on State Affairs

My name is Josiah Neeley, and I am a Senior Fellow in Energy Policy and the Texas Director for the R Street Institute. R Street is a nonprofit, nonpartisan public policy research organization with a mission to engage in policy research and outreach to promote free markets and limited, effective government. I am here today to testify against HB 2908.

R Street has long been opposed to subsidies for all types of energy. At the federal level we have actively worked to end the tax credits for renewable electricity such as the PTC and ITC, so we share the frustration that lies behind this legislation. However, HB 2908 attempts to deal with this issue in a way that would itself be highly damaging to the Texas electricity market.

Texas' competitive electricity market has been a great boon to the state. It has helped save Texas consumers billions of dollars on their electricity bills. Over the last decade, electricity prices in Texas have fallen faster than in any other state. One of the keys of the state's success is that we have largely resisted the temptation to have government put its thumb on the scale to "correct" for perceived problems in the market.

HB 2908 would undermine the competitive electric market that has served the state so well. While it is billed as a way to "compensate" for federal subsidies, the bill would empower ERCOT to interfere with the competitive market based on what some bureaucrats think the market prices "should" be.

Federal tax credits for renewable electricity are a bad deal for taxpayers, but they do not pose the same risk to the market. The Texas electrical system is reliable, and the reserve margin has



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been near or above the economically efficient ten percent margin. The right way to deal with subsidies is to eliminate them, not to add another layer of government distortion on top of them.

I would be happy to answer any questions.

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