

MEMO

TO: Governor Greg Abbott
Lt. Governor Dan Patrick
Speaker Dustin Burrows
Legislative Leadership

CC: Public Utility Commission of Texas
Electric Reliability Council of Texas

FROM: Texas Oil & Gas Association
Permian Basin Petroleum Association
Texas Alliance of Energy Producers
Texas Independent Producers & Royalty Owners Association
Texas Pipeline Association

DATE : June 10, 2026

RE: TEXAS ENERGY SUPPORTS RELIABLE TRANSMISSION INFRASTRUCTURE; REJECTS MISLEADING CLAIMS

As representatives of the oil and natural gas companies who are the backbone of the Texas economy and whose work is making America energy dominant, we want to raise serious concerns about a recent report by the Texas Public Policy Foundation's (TPPF) Life:Powered initiative that mischaracterizes West Texas' electric transmission needs and motives, and risks undermining the reliability of the grid at the critical moment when Texas' economic and functional well-being rely on it most.

The oil and gas industries' operational and commercial realities – particularly the non-negotiable need for reliable, predictable electricity to run world-class facilities – are based on the facts from the field, not conjecture or abstract studies.

Independent analysis from the Electric Reliability Council of Texas (ERCOT) makes clear that **West Texas is facing immediate and accelerating power demand growth—driven in large part by oil and natural gas operations, industrial expansion, and electrification in the Permian Basin.** [[ERCOT...Transmission.pdf](#)] Additionally, the Energy Ventures Analysis included in the TPPF report forecasts a doubling of demand in West Texas by 2038.

At the same time, ERCOT warns that **load growth in Far West Texas may outpace transmission capacity additions in the near term**, creating a real risk of reliability events, including the potential need for load shed during critical conditions and is actively

exploring mitigation options. [[ERCOT Far-West-Load-Growth-and-Transmission-Timing-Issues.pdf](#)]

Further, reports from our member companies confirm that seeking to interconnect to the grid in the Permian has been stymied for over a decade. This is not hyperbole. Companies are being told there are **currently** years of delays from connection.

TPPF and industry both agree that load growth exists, there is a need for major system expansion, and that cost differences between alternative system options are negligible—yet the TPPF study arrives at the opposite policy conclusion. That is not a data-driven result; it is a predetermined narrative.

The facts are straightforward: West Texas needs more transmission, and needs it now. Any claim to the contrary ignores the data from numerous reputable sources and the warnings from engineering professionals responsible for keeping the lights on.

Protecting a national security asset like the Texas oil and gas industry and the natural resources it delivers with reliable power is self-evident. From 2015 to 2025, oil production in the Permian Basin increased by 430%. State and local taxes and state royalties paid by the oil and natural gas industry grew from \$13.8 billion to \$27 billion during this time frame, totaling over \$200 billion dollars cumulatively, not including the hundreds of thousands of jobs created. Almost half of the nation's crude oil, 48%, comes from the Permian region, yet the electricity grid in West Texas has not kept pace to support the extraordinary growth of this vital industry. No other industrial sector has experienced this sustained lack of grid connectivity. Transmission expansion provides system-wide flexibility and resilience across decades. In contrast, relying solely on localized generation as suggested by TPPF requires unfounded assumptions detached from market realities.

Grid Reality: Growth Is Outpacing Infrastructure

ERCOT's own operational assessments show:

- **Rapid load growth is already occurring in West Texas**, with significant increases beginning in early 2026. [[ERCOT Far-West.pdf](#)]
- Under stressed conditions—such as low wind and high nighttime demand—**transmission import limits can be exceeded, which would force ERCOT to resort to disconnecting customers to prevent cascading outages across the region.** [[ERCOT Far-West.pdf](#)]
- Transmission development has lagged the region's needs for over a decade. Even with planned upgrades, **the timing of new transmission will not keep pace with demand**, leaving a near-term reliability gap. [[ERCOT Far-West.pdf](#)]

This is not some possible future outcome. Recent ERCOT presentations explicitly caution that **existing constraints may require pre-emptive load shed to avoid widespread outages**. The need to expand transmission is urgent. [[ERCOT Far-West.pdf](#)]

Is New Transmission or New Generation Needed?

While oil and gas companies did not advocate for one voltage, route or volume of new transmission lines needed and opposed market-distorting generation incentives, the industry has supported new transmission to support load growth and supported new, market-based dispatchable electrical generation to meet load demand.

When it comes to transmission and/or generation expansion:

- It is not an either/or policy choice. Both are needed.
- Siting new generation should be a market-based decision with caution to avoid market-distorting solutions
- Some new generation build is currently anticipated for West Texas and yet the need for transmission remains. There are 4 Texas Energy Fund generators (~2.4 GW) located in the Far West zone that have met planning guide requirements
- Experts and investors in generation question the economic viability of additional generation in West Texas due to the overbuild of intermittent energy sources
- Even with the proposed government incentives suggested by TPPF to build dispatchable generation in West Texas, the need for transmission in the region is immediate.

The Risk of Getting This Wrong

Efforts to second-guess or delay transmission build-out will result in real consequences:

- Perpetuating **delays in interconnecting new oil and gas facilities**
- Increased risk of **localized outages in the Permian Basin**
- Reduced ability to attract and retain **job-creating industrial investment**
- **Continued use of uneconomic and unreliable off-grid power resources just to maintain business operations**
- Higher long-term electricity costs due to **congestion, inefficiency, and emergency fixes**
- **Long-term damage to the oil and gas industry in the Permian region**

A Call for Fact-Based Policy

Texas has a proven model: **obtain input from key credible stakeholders, let engineers plan, let regulators review, and build ahead of demand.** That approach has supported decades of economic growth and grid reliability.

We urge lawmakers and stakeholders to:

- **Rely on the results from the independent, technical expertise and reviews conducted**
- **Support accelerated transmission development in West Texas**
- **Reject unsupported claims that contradict established grid planning analysis**

Investment is coming to Texas precisely because of its historically reliable and competitive energy system. Undermining needed transmission investment threatens that advantage.

Texas cannot afford to gamble with its grid. The data is clear, the need is real, and the responsible path forward is to build the infrastructure that keeps our economy strong.