Many are seeking to intentionally mislead policymakers by claiming that tight grid conditions are caused solely by renewable resources, and that, therefore, policymakers should allocate the costs of any solutions to enhance grid reliability to renewable generators.

Discriminatory cost allocation to make the cheapest forms of energy more expensive will ultimately increase costs to consumers without appropriately recognizing that grid uncertainty is caused by an array of factors.

When the grid experiences tight real-time operating conditions, it is generally due to a combination of factors including:

- Higher demand than forecast by ERCOT
- Higher-than-expected levels of forced outages by fuel-dependent thermal resources
- Lower wind and solar output than forecast by ERCOT

This operational uncertainty on the grid, caused by the combination of a variety of factors, has been acknowledged by the PUCT, ERCOT, the Independent Market Monitor, and key stakeholders, including the following:

“Reliability concerns [revolve] around reserve shortage periods where there is significant uncertainty regarding renewable generation production variability, load variability, and unexpected thermal generation outages.”

(PUCT Filing, Coalition for Dispatchable Reliability Reserve Service)

“So, [uncertainty] comes from a number of places. One is uncertainty around thermal outages. We have uncertainty around the load. Whether or not what we’re anticipating the load will be is accurate. Another source is the wind forecast and the solar forecast.”

(Testimony, Independent Market Monitor)

Critically, SB 3 (2021) as passed by the Legislature requires costs to be equitably assessed, directing ERCOT to “modify the design, procurement, and cost allocation of ancillary services for the region in a manner consistent with cost-causation principles and on a nondiscriminatory basis.” Not only is this the fairest and most cost-effective way to allocate costs, but it is also particularly important for consumers of electricity because renewable energy is the lowest-cost source of power available in ERCOT.