

March 23, 2023

Dr. Charles Schwertner, Chairman
Committee on Business and Commerce
Texas State Senate
201 East 14th Street
Austin, Texas 78701

Mr. Chairman & Members of Senate Committee on Business & Commerce,

This committee has been at the forefront of the state's efforts to explore policies that will prepare Texas for the future and produce a more reliable and resilient grid, at an affordable cost to Texas consumers. As Texas citizens and market participants, we are grateful for your tireless efforts on our behalf and appreciate the enormous amount of time and effort you've invested into understanding these complex issues and crafting public policy.

Given the compressed time frame for reviewing committee substitutes on these complex topics, we're offering the following written comments and principles and look forward to visiting with you more in the future.

To begin, we strongly urge you to resist the temptation to craft discriminatory measures that would harm consumers in your effort to incentivize more thermal dispatchable generation. Specifically, we would point out that your goal can most assuredly be accomplished without harming the low-cost renewable energy resources that keep the price of power low for consumers and corporate offtakers, support rural communities and landowners, protect and leverage self-generation, and will power the emerging technologies of tomorrow.

Additionally, as you consider Senate Bills 7, 2012, 2014, and 2015 this week and begin to craft the final version of each bill, we hope you will take the following principles into consideration:

- **Allow for non-discriminatory, technology-neutral** products and services in ERCOT. This will allow for a more efficient, reliable, and cost-effective market.
- **Solving for operational uncertainty should be the chief goal** for policymakers. Thanks to thoughtful changes made during the 87th Texas Legislature, the ERCOT grid is more resilient and enjoys significantly increased revenue in the wholesale market to support new investment in thermal dispatchable generation.
- **Consider all the factors that cause uncertainty in ERCOT when sizing a product or service.** These factors include a combination of load forecast error, unplanned outages from fuel-dependent thermal generation resources, and ERCOT forecast error for renewable generation.

- **Eliminate expensive “firming” provisions from the proposals.** Firming obligations will unnecessarily increase the cost of power for Texas consumers, result in overbuild of unneeded capacity, and distort the market without any guarantee of increased reliability. This is true in all cases and including all forms of power generation.
- **Recognize that load is the most appropriate market participant to pay for new products or services.** The ERCOT market has traditionally assigned reliability costs to load as the grid is built to serve load, and as load is the beneficiary of increased, system-wide reliability. Other cost-recovery mechanisms will cost customers more money in the end.
- **Maintain a voluntary Renewable Energy Credit Trading Program.** This program has attracted investors to Texas and benefits end-use electric customers without any cost to the state.

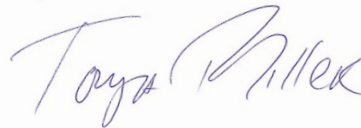
We believe, if incorporated, these consumer-focused and market-driven principles will increase both the reliability and affordability of energy in ERCOT. Texas has long been America’s energy leader and our “all of the above” approach to investment has made us attractive to manufacturers and other industries dependent on affordable, clean energy. These policies have also positioned Texas to lead the nation in emerging energy fields like hydrogen, carbon capture, and synthetic fuels.

We greatly appreciate your consideration of this matter and your service to the State of Texas. Should you have any questions, please do not hesitate to contact any of the signatories below.

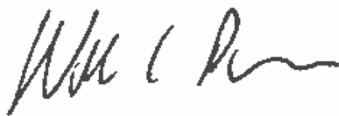
Respectfully submitted,



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