

## COMMENTS

### PROJECT NO. 52373

REVIEW OF WHOLESALE ELECTRIC § PUBLIC UTILITY COMMISSION  
MARKET DESIGN § OF TEXAS  
§

### COMMENTS OF THE CLEAN ENERGY BUYERS ASSOCIATION IN RESPONSE TO 12/6/2021 DRAFT BLUEPRINT

The Clean Energy Buyers Association (“CEBA”) submit the following response to the request for stakeholders to submit market design proposals to the Public Utility Commission of Texas (“Commission”) in Project 52373: *Review of Wholesale Market Design*. An executive summary is included as the final page of this filing. The comments submitted do not reflect the opinions of any individual member company.

#### I. Introduction and Comments

CEBA (formerly the Renewable Energy Buyers Alliance, “REBA”) is a national association with nearly 300 members, representing the interests of energy customers seeking to procure clean energy across the U.S. Many of CEBA’s members having significant operations and clean energy procurement in Texas.

CEBA’s members, including 77 Fortune 500 companies, represent over \$7 trillion in annual U.S. revenues and over 14 million U.S. employees, including many companies already invested in Texas and companies considering new, long-term investments in Texas. Just 30 of CEBA’s members in Texas have 500,000 employees and many CEBA members have significant operations in Texas. Their ability to contract with renewable and other clean energy providers that meet their needs is a significant contributor to Texas’ business friendly environment.

CEBA is working to ensure energy customers can lead a rapid transition to a cleaner, prosperous, zero-carbon energy future. Members of CEBA have contracted for over 12 GW of new utility-scale wind and solar contracted for by CEBA members in ERCOT to date. In 2020 alone, publicly announced contracted capacity from corporate power purchase agreements, green power purchases, green tariffs, and project ownership in the United States totaled approximately 10.6 GW, equivalent to over 40% of all wind and solar capacity installed in 2020. The commitment of CEBA members to

be good stewards of both the electric grid and clean energy sources continues to grow, as some members have begun the work of matching load with their preferred resources 24 hours a day. This effort aligns well with the stated goal of the Commission to ensure a reliable and affordable electric grid that is also clean.

## **II. Comments on Phase 2 of the “Draft Blueprint” issued on 12/6/2021**

### **Comments on the Scope of Phase 2**

CEBA appreciates this opportunity to comment on the Commission’s draft blueprint, and per staff guidance will focus our comments on those items either included in “Phase 2”, or which we feel are more suitable for inclusion in Phase 2, intended to allow further time for review of matters that have not yet had robust analysis or stakeholder input. Specifically, CEBA proposes that those items in “Phase 1” which include “next steps” on issues that have not been previously addressed through robust analysis and stakeholder feedback be addressed in Phase 2 of the proposed blueprint. CEBA believes that many of the “Next Steps” listed under various Phase 1 initiatives would most appropriately be a part of the Commission’s “Phase 2” efforts rather than moving to action on those next steps without further stakeholder input.

Changes such as separating the VOLL from the HCAP, changing the pricing for demand response, developing parameters for a firm fuel product, and changing the historical cost allocation methodology for ancillary services are each major changes to market design with potential for significant impact to the large customers CEBA represents. CEBA proposes that the Commission move these “Next Steps” into “Phase 2” of their work, or at a minimum, ensure that each next step is the subject of rigorous and transparent third party analysis with sufficient time for stakeholder input into the assumptions, analysis and post-hoc feedback. As with the items already included in Phase 2 of this blueprint, each of these issues can have a substantial impact to our ability to manage costs for our facilities and our employees in Texas. Given that the Commission has moved quickly on the most urgent items, we encourage the Commission to take the time necessary to fully understand the impact of each of these “Next Steps” to customers, their ability to manage electric costs, and to ensure unwarranted steps aren’t taken that limit Texas’ ability to utilize its natural resources.

### **Comments on the Principles Outlined in Phase 2**

CEBA supports the Commission’s decision to begin the development of Phase 2 initiatives with a discussion of principles used to guide the development of these

solutions. Generally speaking, we are supportive of the Commission continuing to examine the costs and benefits of developing a load-side reliability mechanism, a backstop reliability service, or a hybrid approach, which combines both concepts. We broadly support the principles that a Load Side Reliability Mechanism (LSRM) should be sized to the need, mitigate market power concerns, and be compatible with ERCOT's robust competitive retail electric market. We urge the Commission to incorporate a more robust evaluation of the potential cost to customers in their principles. Specifically, we propose that the Commission include as a principle: "Proposals must balance reliability needs with the cost impact to customers."

CEBA supports principles for a backstop reliability service which call for dynamic sizing, robust non-performance penalties, and efficient real-time market pricing. These are critical principles to developing any new product in the portfolio of ERCOT markets, especially so in the case of supporting backstop capacity. CEBA does not support the proposed cost-allocation methodology, which is not a principle, but rather a substantive Commission decision that should be guided by principles and robust analysis. As with the LSRM proposal, we support market design that encourages robust market participation of clean and resilient resources (including demand side resources) and urge the Commission to include a principle that balances reliability needs with the cost impact to customers.

CEBA recognizes that these proposals, or any other proposals that establish a new regulatory mechanism to ensure a specified level of resource adequacy, will necessarily increase costs to customers. To the extent those proposals lead to a commensurate increase in system reliability, that increase could have significant value to customers and to the economy of Texas. It is critical for the Commission to consider both those costs and benefits in a robust process that includes opportunity for stakeholder input into the assumptions and structure of such an analysis, as well as an opportunity for stakeholder review and feedback. The third-party analysis process is invaluable but without opportunity for stakeholder input and feedback, the Commission would be getting analysis from the perspective of a single party without the benefit of input and feedback from private-sector participants in the ERCOT market.

### **Ensuring a Robust Stakeholder Process in Phase 2**

The Commission's appreciation for the urgent need to address issues uncovered in the aftermath of Winter Storm Uri is evidenced by their decision to move quickly on

critical path issues in advance of the coming winter. CEBA commends the Commission both for those quick actions and for their decision to give broader market re-design proposals the time and attention they need. As large electric customers, businesses, and employers attracted to Texas in part due to the competitive and open-access nature of the ERCOT market, CEBA members believe that any more substantive market re-design efforts be undertaken through a transparent and robust process.

The urgency of certain issues, namely weatherization, and the need to make near term changes to specific programs to enhance operational reliability, necessitated a process whose speed is without precedent in ERCOT. CEBA supports the Commission's rapid action to address issues made clear in the aftermath of Winter Storm Uri, which now allows us in Phase 2 to take the time needed to properly assess longer-term market redesign initiatives with clear understanding of their impact to all customers. We encourage the Commission take this opportunity to develop a timeline and process that allows for stakeholder input throughout the development and review of any third-party analysis.

### **III. Conclusion**

The Clean Energy Business Association appreciates this opportunity to respond to staff's 12/6/21 Blueprint for Next Steps and Phase 2 Market Redesign efforts. CEBA is committed to working with this Commission and other stakeholders to ensure a reliable, affordable, clean and competitive market for Texans.

*/s/Bryn Baker*  
Senior Director, Policy and Market Innovation  
Clean Energy Buyers Association  
[bbaker@cebuyers.org](mailto:bbaker@cebuyers.org)  
1425 K Street, NW  
Suite 1110  
Washington, DC 20005  
1-888-458-2322

#### **IV. Executive Summary of Comments from CEBA**

##### **CEBA members' interest in these issues**

CEBA's members, including 77 Fortune 500 companies, represent over 14 million U.S. employees, including many companies already invested in Texas and companies considering new long-term investments in Texas. 30 of CEBA's members in Texas have 500,000 employees and many CEBA members have significant operations in Texas. Their ability to contract with renewable and other clean energy providers that meet their needs is a significant contributor to Texas' business friendly environment.

##### **Comments on Phase 2 of the "Draft Blueprint" issued on 12/6/2021**

CEBA believes that the "Next Steps" listed under various Phase 1 initiatives would most appropriately be a part of the Commission's "Phase 2" efforts rather than moving to action on those next steps without further stakeholder input.

##### **Comments on the Principles Outlined in Phase 2**

We urge the Commission to incorporate a more robust evaluation of the potential cost to customers in their principles. Specifically, we propose that the Commission include as an overarching principle in Phase 2: "Proposals must balance reliability needs with the cost impact to customers."

##### **Ensuring a Robust Stakeholder Process in Phase 2**

As large electric customers, businesses, and employers attracted to Texas in part due to the competitive and open-access nature of the ERCOT market, CEBA members believe that any more substantive market re-design efforts be undertaken through a transparent and robust process. We encourage the Commission take this opportunity to develop a timeline and process that allows for stakeholder input throughout the development and review of any third-party analysis.