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TEXAS HOUSE of REPRESENTATIVES

CAPITOL OFFICE:
P.O. BOX 2910
AUSTIN, TEXAS 78768-2910
(512) 463-0331 PHONE



DISTRICT OFFICE:
36 WEST BEAUREGARD
SUITE 517
SAN ANGELO, TEXAS 76903
(325) 658-7313 PHONE
(325) 659-3762 FAX

Drew Darby

DISTRICT 72

COKE • CONCHO • GLASSCOCK • HOWARD • IRION • REAGAN • RUNNELS • STERLING • TOM GREEN

Via email

March 5, 2021

Mr. Arthur D'Andrea
Chairman, Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711

Dear Chairman D'Andrea,

In the weeks following the Public Utility Commission of Texas' (PUC) order to modify pricing models, a staggering number of market participants responded with filings detailing concerns over multi-million dollar invoices. In one recent example, Texas' oldest electric cooperative filed for Chapter 11 bankruptcy after receiving a \$2.1 billion invoice from the Electric Reliability Council of Texas (ERCOT). Addressing issues related to the PUC's actions on energy prices, the Independent Market Monitor (IMM) provided in a March 4, 2021, letter to the PUC:

Unfortunately, ERCOT exceeded the mandate of the Commission by continuing to set process at VOLL [value of lost load] long after it ceased the firm load shed... This decision resulted in \$16 billion in additional costs to ERCOT's market, of which roughly \$1.5 billion was uplifted to load-serving entities to provide make-whole payments to generators for energy that was not needed or produced.

The IMM warned of likely "substantial adverse economic effects, including higher levels of defaults." Texans are beginning to realize the adverse economic effects now.

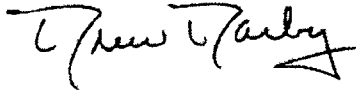
The PUC, which has direct authority over ERCOT, is responsible for addressing the severe financial impact of the recent power outages on all market participants. During your open meeting on March 5, 2021, you discussed repricing the energy market and expressed your commitment to helping the participants hurt by extraordinary market pricing. Given the complicated nature of this issue, and the time needed to fully realize and review the implications, **we strongly urge you to direct ERCOT to suspend sending invoices, payment demands, default notices, etc. for amounts incurred during the period of February 14, 2021, through February 19, 2021.** This will allow the PUC, ERCOT, the IMM, and all market participants adequate time to conduct a full forensic audit and consider remediation steps, such as adjusting

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prices for real-time and ancillary services. It will also give the Legislature time to deliberate solutions to a likely long-term financial crisis.

We urge the PUC to act immediately to prevent a cascading financial crisis that will impact Texans for years to come. Thank you for your prompt attention to this request.

Sincerely,



Drew Darby
State Representative
House District 72



Tom Craddick
State Representative
House District 82

cc: The Honorable Greg Abbott, Governor, State of Texas
The Honorable Dade Phelan, Speaker, Texas House of Representatives
Commissioner Shelly Botkin, Public Utility Commission of Texas
Chairman Chris Paddie, Chair, House Committee on State Affairs
Chairman Craig Goldman, Chair, House Committee on Energy Resources

TEXAS HOUSE OF REPRESENTATIVES



Drew Darby
DISTRICT 12

P.O. BOX 2910 * AUSTIN, TEXAS 78767-2910

Mr. Arthur D'Andrea
Chairman, Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711