

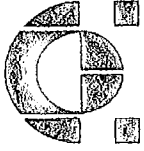


Filing Receipt

Received - 2021-08-17 03:30:22 PM

Control Number - 52322

ItemNumber - 176



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August 17, 2021

The Honorable Peter Lake, Chair, Public Utility Commission
The Honorable Lori Cobos, Commissioner, Public Utility Commission
The Honorable Jimmy Glotfelty, Commissioner, Public Utility Commission
The Honorable Will McAdams, Commissioner, Public Utility Commission

Re: Securitization Funding under Subchapter N of HB 4492

Dear Commissioners:

As you are well aware, there has been significant debate around the legislature's intent with regard to "netting" under HB 4492. This letter is not to weigh in on that debate. Rather, it is to highlight what we believe is getting lost in the debate -- the legislation was intended in the first instance to take care of the "end use" customers (non-market participants) who were directly affected by prices because they were on index or partial pass-through contracts.

In other words, the Commission should first allocate funds to "end use" customers who paid the ancillary charges over \$9000 or the uplift. Consistent with our testimony in this proceeding¹, this should be done regardless of who the customer's Load Serving Entity (LSE) is. The customer's ability to receive their share of the securitization proceeds should not depend on the performance of their LSE. Instead, it should solely be based on the customer's exposure to high A/S charges and uplift.

The process to do this would be straightforward. Each LSE should first submit to the Commission a list of all customers that were exposed to the ancillary and uplift charges and their respective exposure. The securitization proceeds should be provided to those LSEs to pass through to the customers - or in the case of non-payment by the customer - credited to the customer's account.

We respectfully submit this is what was intended and is not inconsistent with a fair reading of the letters submitted by both chambers of the legislature and the Lt. Governor to you, which are about the "netting" debate. Once this process is complete, then the debate on "netting", which is about how the remaining funds are distributed among market participants, can be addressed. Let's first make sure the "end use" customers are protected.

Sincerely,

Thad Hill
President & Chief Executive Officer

¹ This letter is being filed in Docket 52322 and made available to all participants.