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PUBLIC UTILITY COMMISSION
FILING CLERK

CHRIS D. PADDIE
TEXAS HOUSE OF REPRESENTATIVES
DISTRICT 9

August 2, 2021

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

52322

Dear Commissioners,

In accordance with the Legislature’s direction, the Electric Reliability Council of Texas (ERCOT) has filed an application seeking Commission issuance of a financing order to allow securitization of uplift balances as defined in PURA Subchapter N, as established by House Bill No. 4492.

As the House sponsor of the bill, I want to share with you the legislative intent. Via a July 21, 2021 “Briefing Order,” the Commission is examining whether it can or should “net” a load-serving entity’s exposure to uplift costs. The Briefing Order goes so far as to postulate that such “netting” might occur between separate companies, even if only one of the companies “made such payments” for the uplift costs.

The legislation is clear that each load-serving entity is to provide documentation of its own exposure to the uplift costs (see, for example Section 39.653(b)(3)). It does not contemplate or authorize any “netting” between companies. As I stated on the House floor when the House was voting to adopt the conference committee report on the bill, the overall \$2.1 billion cap must “be applied to all load serving entities on a load-proportionate and equitable basis.” I stated: “It is crucial that we do not discriminate between load-serving entities, in order to protect against market imbalances.”

That emphasis on non-discrimination was purposeful and remains essential. Each load-serving entity must be treated without discrimination, including without regard to whether it might or might not have an affiliate whose exposure was different. I was directly involved in all the discussions that resulted in the final bill language being adopted in the House, and at no time was “netting” between a load-serving entity and any other company—affiliated or not—considered or intended.

I will be watching this proceeding closely, and I look forward to working together to ensure Texans have a world-class reliable and affordable electric grid.

Sincerely,

Representative Chris Paddie

CHRIS.PADDIE@HOUSE.TEXAS.GOV

P.O. Box 2910 • AUSTIN, TEXAS 78768-2910 • (512) 463-0556 • (512) 463-0611 FAX
102 WEST HOUSTON • MARSHALL, TEXAS 75670 • (903) 935-1141 • (903) 935-1142 FAX

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