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PROJECT NO. 52373

**REVIEW OF WHOLESALE
ELECTRIC MARKET DESIGN**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**TEXAS ENERGY ASSOCIATION FOR MARKETERS' RESPONSE TO STAFF'S
QUESTIONS FOR COMMENT**

The Texas Energy Association for Marketers ("TEAM") hereby files its Responses to the Staff's Questions for Comment filed on September 2, 2021. These comments offer some perspective from the retail electric providers with regard to load participation in the market.

COMMENTS

Question No. 1:

Describe existing and potential mechanisms for residential demand response in the ERCOT market.

- a. Are consumers being compensated (in cash, credit, rebates, etc.) for their demand response efforts in any existing programs today, and if not, what kind of program would establish the most reliable and responsive residential demand response?*
- b. Do existing market mechanisms (e.g., financial cost of procuring real time energy in periods of scarcity) provide adequate incentives for residential load serving entities to establish demand response programs? If not, what changes should the Commission consider.*

There are a wide variety of products in the market today that have a component of residential price responsiveness that reduce demand during peak hours. Examples of these products include time of use pricing, nights and weekends, thermostat programs, etc. In addition, individual REPs are offering or testing a wide variety of programs that include direct interactive response with customers in real time.

Question No. 2:

What market design elements are required to ensure reliability of residential demand response programs?

- a. What command/control and reporting mechanisms need to be in place to ensure residential demand response is committed for the purpose of a current operating plan (COP)?*
- b. Typically, how many days in advance can residential demand response commit to being available?*

REPs are essential to the effective implementation of programs that ensure reliability of demand response programs, as they are the party exposed to the market, are best situated to provide customers a value proposition under current market design. The primary element that is required is regulatory certainty regarding how those programs will be treated in the ERCOT market. For example, how will ERCOT determine performance and how will these resources be accounted for and settled in the ERCOT market.

Question No. 3:

How should utilities' existing programs, such as those designed pursuant to 16 TAC §25.181, be modified to provide additional reliability benefits?

- a. What current impediments or obstacles prevent these programs from reaching their full potential?*

REPs should be involved in these programs to allow them to reach their full potential. TEAM previously provided comments on these issues in the last set of market design questions. We will not overburden the record by restating those here.

Question No. 4:

Outside of the programs contemplated in Question 3, what business models currently exist that provide residential demand response?

- a. What impediments or obstacles in the current market design or rules prevent these types of business models from increasing demand response and reliability?*

The primary difficulty in developing these programs is regulatory certainty on elements that affect the cost to provide retail electric service that are beyond the REP's control.

Question No. 5:

What changes should be made to non-residential load-side products, programs, or what programs should be developed to support reliability in the future?

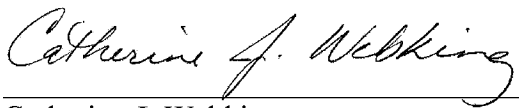
Load resources have always been an essential part of the ERCOT market. ERCOT should increase the options for load response in ancillary services – particularly as those services are being utilized as reliability measures in new ways. Load response could be moved up in the deployment hierarchy, instead of only being called upon in an EEA event.

CONCLUSION

TEAM appreciates the opportunity to engage in these very important discussions.

Respectfully submitted,

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