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**REVIEW OF WHOLESALE MARKET
DESIGN**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**CITY OF GARLAND'S RESPONSE
TO STAFF'S QUESTIONS FOR COMMENT**

The City of Garland, whose municipally owned electric utility operates under the name of Garland Power & Light (Garland), appreciates the opportunity to respond to the questions for comment proposed by the Public Utility Commission of Texas (Commission) in advance of its upcoming work session on market design.

Since 1923, Garland has been providing electric service to its citizens through Garland Power & Light. Garland Power & Light is the 4th largest municipally owned utility in Texas and currently serves more than 72,000 customers. To service its customers, Garland has a diverse energy portfolio; Garland owns and operates 524 megawatts of natural gas fired generation, 2 megawatts of hydroelectric, as well as four power purchase agreements for wind energy and four power purchase agreements for solar energy. From the formation of the ERCOT market, through its change from a zonal to a nodal market design, Garland has been, and continues to be, an active participant in the ERCOT market with representatives of Garland serving on various ERCOT committees, sub-committees, as well as the ERCOT Board. Garland looks forward in continuing its participation and contribution as the Commission addresses the ERCOT market's need for design changes to enhance system reliability through encouraging the investment in existing and new dispatchable generation resources.

I. ANSWERS TO STAFF QUESTIONS

Commission Staff's questions primarily pertain to reliability and appear to focus on certain market modifications in an effort to incent the construction of additional dispatchable generation. Fundamentally, the sole issue preventing new construction of dispatchable generation is one of revenue uncertainty. The Commission should consider whether market design changes could improve confidence that dispatchable generation can recover not only its marginal costs, but also its fixed costs, including its cost of capital.

Given that the Commission has multiple work sessions scheduled to consider market design in the coming weeks, Garland suggests that it would be worthwhile for the Commission to

request that representatives of banks or other entities that provide financing for new dispatchable generation resources make a presentation on how the current market structure affects financing decisions, including what effect the present market design and cost recovery mechanisms have on financing approval for new dispatchable generation.

II. CONCLUSION

Garland appreciates the opportunity to submit these comments on Staff's questions for comment. As always, Garland looks forward to working with the Commission, its staff, and the stakeholders on these important questions and this broader discussion in the coming months.

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