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PROJECT NO. 52373

**REVIEW OF WHOLESALE
ELECTRIC MARKET DESIGN**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

In response to the Project 52373 Brattle Presentation (“Presentation”) discussed at the Public Utility Commission of Texas (“PUC”) work session on November 19, 2021, WattBridge Energy (“WattBridge”) respectfully submits these additional comments for further consideration.

WattBridge agrees with the general assessment that Options 1 and 2 will provide more revenues into the energy market. It is important that market design supports thermal baseload generation as this type of generation is essential and important for a balanced foundation of the Texas electricity markets. Prices must be sufficient to support baseload generation and allow it to be in good repair, meet weatherization standards, and be competitive against tax-incented renewable energy. However, as has been previously stated, a key component of improving the current market design is to provide dispatchable, fast-start generation that will address the ramping issues created by the continued expansion of renewables. The anticipated changes to the Operating Reserve Demand Curve (“ORDC”) are a key factor in ensuring sufficiency in pricing and will help to introduce more revenues into the market in a way that is beneficial to existing generation’s resiliency and operability. These changes will also enhance revenues to dispatchable, fast-start generation to address the ramping issues created by the continued expansion of renewables.

As Wattbridge has outlined in our proposal filed on November 10, 2021, increased revenues in the market do not necessarily translate to the certainty of revenue over a multi-year investment horizon required by lenders. Without this sort of financial certainty, and ultimately in debt repayment, there simply will not be investment in new generation within ERCOT. WattBridge lenders have repeatedly confirmed this in our process of raising \$1.25 billion in capital during the last 24 months. Without assurance for debt repayment, none of the changes discussed in the Presentation will translate to new generation investment in the near term. To reiterate, the investment firming proposal does not provide any return on or the recovery of equity. That risk continues to be borne solely by the project owner / investor and not by ERCOT consumers or ERCOT as is always the case in a competitive market. Any profit made beyond debt repayment is 100% at risk and a function of returns in the market.

WattBridge has direct experience over the past two years with the project financing requirements of this type of dispatchable, fast-start generation that will help prevent ERCOT from facing repeated reliability crises. WattBridge’s proposed investment firming approach would generate immediate and new investment with operational characteristics that directly address the significant intermittency and ramping risks that exist today and will continue to grow for the foreseeable future. In contrast, even

under a best-case scenario, it will take several years and require several other improvements in market structure to actualize the required price signal and the commensurate response that will result in building new baseload generation.

In addition to incenting immediate and new investment, back-cast analysis suggests that WattBridge's investment firming proposal would result in no new costs to ERCOT stakeholders. We respectfully request that the PUCT review and consider our proposal as one of the elements of market design changes to kickstart new dispatchable, fast-start generation investment in the ERCOT market.

We appreciate the opportunity to share our recent experiences in raising capital and developing projects in the ERCOT market and would be happy to discuss further.

Dated: December 2, 2021

Respectfully submitted,



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