

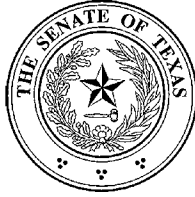


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January 19, 2023

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 Kathleen Jackson, Commissioner, Public Utility Commission
The Honorable Will McAdams, Commissioner, Public Utility Commission

Dear Commissioners,

As the author of SB 3, the Performance Credit Mechanism adopted by the Public Utility Commission (PUC) at today's open meeting represents a substantial departure from the legislative intent of SB 3, specifically Section 18, which relates to the development and procurement of a new ancillary or reliability service to incentivize new dispatchable generation.

To be clear: SB 3 did not direct the PUC to replace the state's energy-only market with an unnecessarily complex, capacity-style design that puts the competitive market at risk without guaranteeing the delivery of new dispatchable generation.

The legislature has a duty and obligation to the people of Texas to build a reliable and resilient electric grid within the confines of the energy-only market. As the 88th Legislative Session continues, my colleagues and I intend to hold hearings and consider new legislation to fulfill our obligation to protect the people of Texas.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Schwertner". The signature is written in a cursive style and is positioned above the printed name of the senator.

Senator Charles Schwertner