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**PROJECT NO. 54335**

<b>REVIEW OF MARKET REFORM</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ASSESSMENT PRODUCED BY</b>	<b>§</b>	
<b>ENERGY AND ENVIRONMENTAL</b>	<b>§</b>	<b>OF TEXAS</b>
<b>ECONOMICS, INC. (E3)</b>	<b>§</b>	

**OFFICE OF PUBLIC UTILITY COUNSEL’S QUESTIONS TO STAFF OF THE  
PUBLIC UTILITY COMMISSION (COMMISSION STAFF) ON ITS  
TECHNICAL PRESENTATION AND Q&A**

The Office of Public Utility Counsel (“OPUC”) respectfully submits these questions in response to the request for questions in following Commission Staff’s Technical Presentation and Q&A the Review of Market Reform Assessment Produced by Energy and Environmental Economics, Inc. (E3) Report. The deadline to submit questions in 11:00 AM on December 1, 2022. This submission is therefore timely.

**QUESTIONS FOR E3/COMMISSION STAFF**

1. What are the credit requirements associated with the proposed Performance Credit Mechanism (PCM) market design?
2. What will the impact be on retail switching? Will retailers be able to assign PCM costs to a customer after they are switched? For example, if a customer switches from REP A to REP B in August, and REP A has unhedged exposure for that year's PCM market billed in January of the following year, will they be able to pass that on to the customer after the switch, or will they be able to collect that exposure associated with that customer from their remaining customers?
3. Will PCM costs be part of the definition of a fixed price product?
4. How will market power be addressed in the forward PC auctions?
5. Will the PCM require some companies to update their Voluntary Mitigation Plans?

6. Will there be a way for end users to effectively fully hedge their PCM obligations in the forward market or will there still be a potential they will be subject to a final true up at prevailing market costs (i.e. - a “dirty hedge”)?
7. What is the solution in the situation where the market may not have sufficient resources to meet ERCOT’s desired level of BRS procurements?
8. How exactly does providing more revenue to resources result in achieving the common reliability standard? (E3 Report at 7)
9. For any option described in the E3 report, what assurances are there that any of these options will guarantee the buildout of additional generation, preferably dispatchable, in ERCOT? What evidence is there that this new incentive approach will be successful in adding generation, especially since most obligations and penalties fall on loads?
10. For any option described in the E3 report, what are the potential costs to residential and small commercial consumers?

OPUC would prefer written responses to these questions to assist in formulating a robust initial comment on the E3 report.

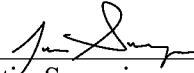
## **CONCLUSION**

OPUC appreciates the opportunity to provide these questions and looks forward to working with Commission Staff and other stakeholders on this project.

Date: December 1, 2022

Respectfully submitted,

Chris Ekoh  
Interim Chief Executive & Public Counsel  
State Bar No. 06507015



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Justin Swearingen  
Assistant Public Counsel  
State Bar No. 24096794  
Nabaraj Pokharel  
Director of Market & Regulatory Policy  
1701 N. Congress Avenue, Suite 9-180  
P.O. Box 12397  
Austin, Texas 78711-2397  
512-936-7500 (Telephone)  
512-936-7525 (Facsimile)  
justin.swearingen@opuc.texas.gov (Service)  
nabaraj.pokharel@opuc.texas.gov (Service)  
opuc\_eservice@opuc.texas.gov (Service)

OFFICE OF PUBLIC UTILITY COUNSEL