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Dear Commissioners:
Thank you for the opportunity to provide comments. The Public Utility Commission Performance Credit Mechanism (PCM) proposal is fundamentally flawed, entails significant risk due to its novelty and fails to address impact to consumers. More importantly, it fails to strengthen the grid against extreme weather events.

I. PUC's Proposal Fundamentally Flawed
PUC's proposal fails to address "rate affordability", a fault that exposes Texas households to the vagaries of the electric market. PUC must adhere to its mission of protecting Texas consumers when imposing regulation on the electric market. Municipal electric utilities, such as CPS Energy, are already struggling to pay off exorbitant natural gas purchases due to a grid failure. San Antonio ratepayers now face a 32 percent increase for electricity, and nearly a quarter of its ratepayers are at least 30 days behind on paying their utility bill. At a minimum, the administrative determination of a price cap must factor in "rate affordability", but more needs to be done with policy levers to mitigate energy prices for Texas families and small businesses.

II. Texans Assume all the Risks
The existing market structure, one of enticing generation resources to remain available when the grid needs additional power by increasing energy prices, has proven to be flawed. PUC's proposal attempts to incentivize construction of new generation by requiring energy distributors to purchase Performance Credits (PCs). This is troubling as the sale and purchase of PCs lack safeguards to prevent generators from gaming PCs to maximize profits.
The PUC proposal fails to describe a mechanism to lower the risks of a grid failure on Texas families and small business. The last grid failure cost Texans $11 billion, the most massive wealth transfer to the energy market in Texas history. The E3 market reform assessment notes that generators are likely to "overcompensate resources during mild years, even if they are not able to reliably perform during extreme weather events." PUC's proposal needs to incorporate policy levers to prevent perverse overcompensation and punish pivotal generators that game the system.

In closing, Texans are struggling because PUC failed to properly regulate the grid, one which has imposed billions of dollars of costs on Texas families and small businesses. What PUC is proposing imposes additional costs on Texans without any assurance it will prevent massive wealth transfers or that the supply of electrical power will be sufficient and reliable to meet future needs.

Thank you for the opportunity to comment on this proposal which places significant risks on Texas families.