



Filing Receipt

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PUC filing project 54335

My name is Thomas Darte and for the record, I am the retired GM of the Greenville Electric Utility System and a former ERCOT board member. I filed previously dated 3/07/2022, CN 52373, IN346 in support of the LSERO proposal. My comments are my own with no affiliation.

I support the idea that each retail provider should be responsible for securing generation capacity to supply their peak plus reserves. This is self-evident to me. See below. *

I support it now, and my subcommittee of the ERCOT Board proposed the concept many years ago at the beginning of deregulation.

The electric utility industry is the most capital-intensive process industry on the planet, and it only makes sense to have a mechanism for the installed generation capacity to be purchased in the bilateral market, which is already working, through a bidding process, and through the issuance of performance credits any or all of which of these alternatives have been proposed.

I urge the PUC, that in the absence of unanimous agreement, you must act. Why? Because Reliability is in the public interest. You must mandate that each retail provider will pay for their prorated share of the capacity cost so that generation will be built. It is the only way to gain certainty. There is certainty. Read below.

If all market participants must buy new generation, and share in providing the necessary reserves allocated fairly, then there will be a level playing field to compete. Each provider can meet the Reliability Obligation (RO) in a manner of their own choosing.

The Generators have said that they will build, if the PUC facilitates the market for it. They said that the current proposals will do that. It is as close to a guarantee as one could expect.

The PUC should vote to proceed and start the process of implementation very soon.

I oppose the DEC proposal which was meant to attract batteries and it also would attract quick start engines whether intended originally or not. This subsidy is not necessary. Let the market attract these sources on their own merits. STEC, GEUS, and Denton already have the fast start engines installed without any special subsidy.

I support the BRS but only as a stop gap measure. Keeping the old unreliable generation does not improve reliability. Upgrades should be done if economical to do so compared to replacement. This is the classic case in engineering economy.

The scarcity pricing of \$5000 must go and never come back. I urge the PUC to eliminate this charge as soon as possible. And something must be done to eliminate scarcity pricing in the Ancillary services market.

The PUC does not regulate natural gas but by eliminating scarcity you will lessen the chances of this ever happening again. The reforms in Phase I appear to be working. Congratulations everyone!

My great hope in all of this is that I will live to see the day (very soon) that a real commitment is made by the generators to build the necessary generation to protect the stability of the system. I want to see it in the headlines, and the world to know. Who will be the first to announce?

I hope all of this can be worked out so that the generators make a reasonable rate of return, and buyers for resale get a good deal; then it is a win for the ultimate consumer. Reliable certainty will return to the marketplace which will encourage investment, reduce financing costs, and reduce costs to the consumer. Retail rates will stabilize. I am sure of it.

Sincerely,

Thomas Dart

*The sharing of installed generation reserves (as referred to above) is not new and has occurred since the interconnected transmission systems first formed. Utilities carried their own peak load plus reserves and no regulator had to tell them to do it. They also helped each other during emergency shortages of capacity without overcharging the system that got into trouble. Scarcity pricing was unheard of.

(Source: ILMO pool, 1968)