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December 14, 2022

Texas Public Utilities Commission

Re: Public Comments on Market Design

Greetings:

On behalf of Solvent Energy, Inc., please accept the following as our comments on the Market Design:

Relative to the different market designs suggested in the recent E3 Study commissioned by the Texas Public Utilities Commission (PUCT), Solvent Energy, Inc. supports the deployment of the PCM design for the following reasons:

- 1) PCM will deliver market reliability in the most market friendly, cost-effective manner.
- 2) PCM doesn't require a forward forecast that will over procure reliable generation by most expectations.
- 3) PCM utilizes buyers and sellers with performance credits instead of a single buyer ERCOT under the FRM. Fostering competition between buyers and sellers, the PCM should drive prices lower than other options.
- 4) We believe PCM's design to incentivize performance through awarding credits based on actual performance, as opposed to penalizing non-performance, will remove a potential barrier to new ideas/technologies and will foster greater innovation and growth in the marketplace.
- 5) We believe PCM will deliver the best energy storage/battery (BESS) solutions and other dispatchable systems in the most efficient manner but only if implemented quickly and with regulatory certainty.

Winter Storm Uri was a significant event in Texas history and the impact on the ERCOT Grid was substantial. The total cost of Uri has been estimated to be between \$80 and \$130 Billion. When we (Solvent) asked one of the major stakeholders on ERCOT about the impact Uri had on the System, their answer was "it was as though we felt the entire North American Tectonic Plate shift under our feet."

According to the E3 Study recently commissioned by the PUCT, the cost of implementing a new market design on ERCOT would be in excess of \$400 million annually; however, such implementation would improve reliability by a factor of 10 times. We at Solvent Energy equate that projected annual outlay to low-cost insurance in order to vastly improve reliability to prevent another Uri-type event from occurring.

Given the recent growth and inflow of new people and businesses into the state, the load for the coming winter is 10% greater than the winter of 2021-2022 which is why we support PCM as the vehicle to get the ERCOT System toward the reliability required to assure uninterrupted electric service to Texas consumers today and in the future.

Should you have any questions relative to our comments, please do not hesitate to contact me on my personal cell at 713-817-3823.

Kind Regards,

A handwritten signature in black ink, appearing to be 'LGD', written in a cursive style.

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