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PUC PROJECT NO. 54335

REVIEW OF MARKET REFORM	§	BEFORE THE
ASSESSMENT PRODUCED BY	§	PUBLIC UTILITY COMMISSION
ENERGY AND ENVIRONMENTAL	§	OF TEXAS
ECONOMICS, INC. (E3)	§	

ONCOR ELECTRIC DELIVERY COMPANY LLC’S COMMENTS ON E3 REPORT

COMES NOW Oncor Electric Delivery Company LLC (“Oncor”) and files these comments on the Energy and Environmental Economics, Inc. (“E3”) report filed in this proceeding on November 10, 2022 (“E3 Report”), respectfully showing as follows:

I. BACKGROUND

On November 10, 2022, the E3 Report on potential market redesign options was publicly filed in Public Utility Commission of Texas (“Commission”) Project No. 52373, *Review of Wholesale Electric Market Design*. Commission Staff opened the above-captioned project to receive public comment on the E3 Report, with a comment deadline of noon on December 15, 2022. Therefore, Oncor timely files these comments and the required executive summary included herewith.

II. WHOLESALE MARKET REFORM CONSIDERATIONS

The Commission, the electric industry, legislators, and customers have engaged in robust discussions regarding how potential reforms to Texas’s wholesale electricity market could improve overall system reliability and resiliency at reasonable cost. To date those discussions have largely focused on how to structure incentives to increase dispatchable generation. Oncor is not commenting on the merits of the different wholesale market reform alternatives identified by the Commission and articulated by the E3 Report at this time.

The E3 Report states that a reliable system “requires ... that there is sufficient total quantity of supply ... [that] is deliverable to demand over the transmission system.”¹ For analytical purposes, the E3 Report used a simplified ERCOT system model with none of the current transmission constraints. The E3 Report goes on, however, to acknowledge that ERCOT would need to incorporate actual transmission constraints when implementing a Load Serving Entity

¹ E3 Report, Section 8.1.5 at 98.

Reliability Obligation (“LSERO”), Forward Reliability Market (“FRM”), or Performance Credits Mechanism (“PCM”) market construct.²

The Commission has acknowledged that transmission constraints exist in the ERCOT system and discussed them in other contexts.³ Ultimately, however, the availability of both sufficient dispatchable generation and transmission to deliver it matter. The Commission’s implementation of wholesale market design reforms will necessarily incorporate transmission constraint and deliverability issues. Oncor looks forward to participating in this implementation discussion.

III. CONCLUSION

Oncor appreciates the opportunity to provide comments on these important market design issues at this critical juncture. Oncor looks forward to working with the Commission, ERCOT and generators to ensure that a robust transmission system exists to help ensure the success of the ERCOT market reforms under discussion.

² E3 Report, Section 8.2.4 at 99.

³ See generally *Review of Chapter 25.101*, Project No. 53403, Order Adopting Amendments to 16 TAC 25.101 as Approved at the Nov. 30, 2022 Open Meeting (Dec. 7, 2022), and Open Meeting Tr. (Nov. 30, 2022), Agenda Item No. 18, *Update on ERCOT Transmission Planning Reform and PUC Certificate of Convenience and Necessity Planning Reform* (discussing interplay of economic transmission projects, transmission constraints, and generation siting).

Respectfully submitted,

By: /s/ Winston Skinner

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EXECUTIVE SUMMARY OF ONCOR'S COMMENTS ON E3 REPORT

Oncor provides the following executive summary of its comments:

- The Commission, the electric industry, legislators, and customers have engaged in robust discussions on potential wholesale electric market reforms, largely focused on how to structure incentives to increase dispatchable generation. Oncor is not commenting on the merits of the different alternatives discussed in the E3 Report.
- While the E3 Report acknowledges that ERCOT would need to incorporate transmission constraints in the implementation of a new market design structure the Commission selects, the E3 Report itself used a simplified ERCOT system model with none of the current transmission constraints.
- As the Commission has acknowledged, transmission constraints exist in the ERCOT system and impact the effectiveness of delivering generation to load. The Commission's implementation of wholesale market design reforms will necessarily need to incorporate transmission constraint and deliverability issues.
- Oncor looks forward to participating in this implementation discussion.