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PUC Question #1 - The E3's report observes that the PCM has no prior precedent for implementation, does this fact present a significant obstacle to its operation for the ERCOT market?

Answer - No. E3's report specifically references ERCOT has specific differences relative to the other grids it studies. E3 lists their prior precedent market references for their FRM as New York and California. New York just announced a $4.5 billion transmission project for 1250 MW of hydropower and an 11 billion project for 3400 MW of wind power. Meanwhile, California has frequent blackouts and brownouts. For their LSERO reliability reference, Texas should be looking elsewhere or pioneering a truly reliable approach. We should not make our ERCOT grid like California or New York.

PUC Question #2 - Would the PCM design incentivize generation performance, retention, and market entry consistent with the Legislature's and the commission's goal to meet demand during times of net peak load and extreme power consumption conditions? Why or why not?

Answer – It would if the appropriate reliability standard and market structure ensured dispatchable generation is not confused with intermittent generation. If there is a consistently reasonable probability of making a return with production credits for dispatchable generation, there is no reason this type of system could not work.

PUC Question #3 – What is the appropriate reliability standard to achieve the goals stated in Question 2? Is 1-in-10 loss of load expectation (LOLE) a reasonable standard to set, or should another standard be used, such as expected unserved energy (EUE). If recommending a different standard, at what level should the standard be set (e.g., how many MWh of EUE per year)?

Answer - The standard should be to have enough dispatchable generation to meet the peak rate set during the winter storm of 2021, which was about 75,000 MW.

PUC Question #4 - The E3 report examines 30 hours of highest reliability risk over a year. Is 30 the appropriate number of hours for this purpose? Should the reliability risk focus on a different measure?

Answer - During the winter storm of 2021, the time frame was over 96 hours. The standard proposed by ERCOT for the Firm Gas FFSS product was for 48 hours. Either of these standards would be more appropriate than a 30-hour shoulder calculation or a loss of load expectation, loss of load hours, or expected unserved energy.

PUC Question #5 - Over what period should the hours of highest reliability risk be determined? A year, a season, a month, or some other interval? At what point in time should that determination be made?

Answer - Should be made by the historic events such as the 2021 winter storm.

PUC Questions #6-#12 – No response