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PROJECT NO. 54999

TEXAS ENERGY FUND	§	BEFORE THE
	§	PUBLIC UTILITY COMMISSION
	§	OF TEXAS

**ENCHANTED ROCK'S COMMENTS IN RESPONSE TO
COMMISSION STAFF'S QUESTIONS
ON IMPLEMENTATION OF THE TEXAS ENERGY FUND**

Enchanted Rock LLC ("Enchanted Rock") appreciates the opportunity to provide comments in response to the questions included in the Public Utility Commission ("Commission") Staff's September 19, 2023 workshop agenda regarding implementation of the Texas Energy Fund created by Senate Bill 2627 ("SB 2627") in the 88th Texas Legislature.¹ Enchanted Rock is a Houston-based microgrid owner, operator, and developer with over 280 dual-purpose microgrids in operation throughout Texas, providing over 500 MWs of gas-fired, dispatchable capacity to the grid.

Enchanted Rock's priority issues are captured in the comments by Grid Resilience in Texas ("GRIT"). Enchanted Rock seeks to supplement GRIT's comments with the following specific recommendations.

I. GRANTS FOR FACILITIES OUTSIDE OF THE ERCOT POWER REGION

A. What are the essential components of a rule to implement this program?

Enchanted Rock urges the Commission to adopt a broad interpretation of resilient investments that include new microgrids and behind-the-meter ("BTM") generation.

II. LOANS FOR FACILITIES INSIDE THE ERCOT POWER REGION

A. How should the PUC evaluate creditworthiness?

PURA § 34.0104 Subsection (c)(1)(G) requires the PUC to evaluate an application for a loan based on the applicant's evidence of creditworthiness and ability to repay the loan on the terms established in the loan agreement, including the applicant's total assets, total liabilities, net worth, and credit ratings issued by major credit rating agencies. Considering the evolving energy

¹ See September 21, 2023, *Texas Energy Fund Public Workshop Agenda*, Project No. 54999 (Sept. 19, 2023); see also September 21, 2023, *Texas Energy Fund Workshop Comments*, Project No. 54999 (Oct. 5, 2023).

landscape and diverse applicant profiles, Enchanted Rock recommends a holistic approach to evaluation of creditworthiness that promotes a fair assessment of assets and ultimately results in the deployment of the most resilient infrastructure. Creditworthiness requirements should not rely solely on published credit ratings, which are typically only obtained by large, public companies. As a smaller, private entity, Enchanted Rock lacks a credit rating due to the prohibitive costs and complexities - circumstances that many similar, and otherwise creditworthy companies share. The Commission should consider an applicant's historical financial performance, liquidity, success in securing capital for infrastructure investments and demonstrated revenue growth. Through a comprehensive evaluation framework, the Commission can support a resilient grid and energy future for Texas.

III. COMPLETION BONUS GRANTS

Enchanted Rock supports the GRIT comments and recommendations on Completion Bonus Grants.

IV. TEXAS BACKUP POWER PACKAGE PROGRAM

Enchanted Rock supports the GRIT comments and recommendations on the Texas Backup Power Package Program.

V. CONCLUSION

Enchanted Rock appreciates the opportunity to submit these recommendations for the implementation of SB 2627. As the Commission continues to move forward with Project No. 54999 and related efforts, Enchanted Rock is committed to supporting the Texas Energy Fund Implementation effort to ensure improved grid reliability, resiliency, and stability.

Respectfully submitted,

/s/ Joel Yu

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