



Prohibiting the PUC from Addressing Resource Adequacy Concerns

AECT Position: Oppose

HB 962 by Krause

Proposal

- HB 962 would prohibit the PUC from adopting measures to address the need for generating capacity and prudent reserves required in competitive areas of the state.
- Today, no generator may own and control more than 20 percent of installed generation capacity in ERCOT. HB 962 would eliminate that cap on generation ownership.

Discussion

The PUC should retain its options to ensure adequate power supplies

- Texas has a growing population and a strong economy. Ensuring reliable electricity is vital to keep our economy strong.
- It is incumbent upon our state to ensure consumers have the level of reliable electricity they have come to expect, both for the economy and for the public.
- While current forecasts show we have enough electric generation online or planned through 2018, ERCOT continues to face challenges of low wholesale market prices and uncertain federal environmental regulations, making it difficult to attract investment in new generating plants or keep existing generating plants available.
- Thus, the PUC should retain the authority to have all options on the table to address future challenges. Taking away PUC authority could result in a situation where Texas faces long-term, endemic power supply shortages without any effective way to ensure adequate reserves for continued reliability.

The 20 percent generation ownership cap should remain in place

- The current ownership rules have resulted in vibrant competition in the ERCOT wholesale market.
- Overseen by the Independent Market Monitor, the wholesale market has proven to be fair to market participants – there is no reason to alter the ownership rules at this time.

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