



November 23, 2021

*Re: ERCOT Wholesale Electric Market Design*

The Honorable Peter Lake  
Chairman, Public Utility Commission  
William B. Travis Building  
Austin, Texas 78701

The Honorable Will McAdams  
Commissioner, Public Utility Commission  
William B. Travis Building  
Austin, Texas 78701

The Honorable Lori Cobos  
Commissioner, Public Utility Commission  
William B. Travis Building  
Austin, Texas 78701

The Honorable Jimmy Glotfelty  
Commissioner, Public Utility Commission  
William B. Travis Building  
Austin, Texas 78701

Dear Chairman Lake, Commissioner McAdams, Commissioner Cobos and  
Commissioner Glotfelty:

I am writing on behalf of the U.S. Partnership for Renewable Energy Finance (PREF), an affiliation of leading companies that invest in renewable energy and are part of the American Council on Renewable Energy (ACORE). PREF member companies have invested tens of billions of dollars in energy infrastructure in Texas and include some of the nation's foremost institutional investors, renewable energy developers and corporate energy offtakers.<sup>1</sup> We are writing now to applaud the Commission's ongoing work on grid resilience, transmission expansion, demand response and changes to the Operating Reserve Demand Curve, reforms which will strengthen ERCOT. Together with the efforts to address the underlying failures that contributed to the devastation of Winter Storm Uri, the Commission's increased coordination with the Railroad Commission will position the Texas grid well in the near term.

However, PREF recommends the Commission perform a more thorough analysis to evaluate the longer-term market design options now under consideration in order to fully understand their potential impacts on consumers and business investment in the Lone Star state. Texas has attracted more than \$70 billion in new renewable energy investment because it is blessed with abundant renewable resources able to provide low-cost electricity generation. Additionally, it has a large and diverse industrial sector and a rapidly growing technology sector, both of which are increasingly looking to access local renewable power when making investment and siting decisions. Renewable energy development is currently providing more than \$270 million in annual state, local and property tax revenues, along with lease payments to farmers, ranchers and other landowners totaling over \$140 million. These revenue streams, which help fund school districts and local governments across the state, may be placed at risk by policy proposals whose effects are not yet understood.

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<sup>1</sup> See <https://acore.org/pref-and-prime/> for more information about ACORE PREF members.



We would also note that the ERCOT interconnection queue contains 10.4 GW of battery storage co-located with solar and wind resources, and an additional 24.4 GW of stand-alone energy storage. These projects are critical to maintaining reliability as the system faces load growth and plant retirements. A gap in deployment of energy storage and hybrid resources could have devastating consequences for the ERCOT grid, and hastily adopting a new market structure without proper diligence has the potential to create regulatory uncertainty, potentially stalling investment in these and other critical resources.

PREF companies are appreciative of the swift action you have taken in the wake of Winter Storm Uri. Given these important considerations and the tremendous economic benefits renewable energy investment brings to Texas, we respectfully urge thoughtful deliberation on long-term market redesign proposals once the system needs driving potential redesign efforts are analyzed and identified. Our member companies are eager to invest in the future of the ERCOT market, and we encourage you to give investors the clarity they need to deploy their resources in Texas.

Please let me know if I can provide additional information and thank you for your attention to this important issue.

Sincerely,

Gregory Wetstone  
President & CEO  
American Council on Renewable Energy

cc: The Honorable Greg Abbott, Governor of Texas