



December 12, 2022

Sunset Advisory Commission
PO Box 13066

Austin, Texas 78711

Submitted Electronically Via <https://www.sunset.texas.gov/input-form>

RE: Texas Public Utility Commission and Electric Reliability Council of Texas

To whom it may concern:

The Texas Association of Manufacturers ("TAM") is pleased to offer these supplemental comments on the Sunset Advisory Commission staff recommendations for the Texas Public Utility Commission ("PUC") and the Electric Reliability Council of Texas ("ERCOT").

TAM actively represents the interests and priorities of more than 600 member companies in Austin and in Washington, D.C. Manufacturers in Texas account for 13.07 percent of the total output in the state - more than \$241 billion in 2019 - and employ more than 881,000 Texans in jobs that pay an average compensation of over \$90,100 annually. On average, each manufacturing job created also provides 5 additional jobs in our communities. For two decades, Texas remains the number one exporting state for manufactured goods in the United States.

TAM supports policies that ensure consistent operation of the Texas electrical grid. Our members understand the important role that both agencies play in ensuring the availability of affordable and reliable power and support the continuation of the PUC and ERCOT.

We appreciate the hard work of both the Sunset Advisory Commission and agency staff. We look forward to providing additional information as needed. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Richard A. Bennett". The signature is stylized with a large, flowing "B" and "T".

Richard A. "Tony" Bennett
President & CEO

1. PUC Budget

- Sunset Commission Staff Recommendation 1.1 directs the House Appropriations and Senate Finance committees to consider appropriating the PUC its exceptional item requests for funding a data analytics team and additional engineering expertise. TAM agrees that these additional funds would benefit the agency.
- In addition, TAM recommends allocating more funds to support the agency's efforts to attract and retain the necessary personnel to better fulfill the agency's mission.

2. Formalize PUC's ERCOT Oversight Process

- Sunset Commission Staff Recommendation 1.2 directs the PUC to develop a formal process for its ERCOT oversight that is separate from rulemakings and contested cases. TAM supports putting some guardrails around how the PUC gives direction to ERCOT. In the past, much of that has occurred either behind the scenes or informally and without any notice or stakeholder comment.

3. Reliability Target

- Sunset Commission Staff Recommendation 1.6 directs the PUC to develop a state reliability definition. SB 3 from last session contains a similar directive to establish "requirements to meet the reliability needs of the power region,"¹ which the PUC is working to develop. From TAM's perspective, the target should incorporate economic analyses to properly reflect the economics of expected outages, the costs of the reserves needed to avoid those outages, and the reserve level the ERCOT market should produce based on these factors. This will avoid inefficient reserve levels and unnecessary costs on customers. TAM does not support antiquated standards, such as the one-event-in-ten-years, that are not grounded in any economic analysis.

4. ERCOT Board Recommendation

- Sunset Commission Staff Recommendation 1.4 would restrict Commissioners' presence during certain ERCOT executive sessions. TAM believes the better policy is not to have PUC Commissioners serve on the ERCOT Board in any capacity. Having the PUC involved in the ERCOT Board decisions creates the potential for undue influence and can interfere with ERCOT's independence. Moreover, because the PUC sits as an appellate

¹ PURA § 39.159(b)(1).

body on ERCOT decisions, there would be no need for (a) the Commissioners to be excused from ERCOT executive sessions, and (b) no possibility of a recusal when the PUC ultimately considers an appeal. Alternatively, all five Commissioners should be given seats on ERCOT's Board. Currently, only the Chair of the PUC has a board seat as an ex-officio, non-voting member, despite the fact that all five commissioners have an equal vote on PUC matters. Having just the Chair on the ERCOT Board raises the specter of preferential access and undue influence. While all Commissioners have historically been allowed to participate in ERCOT meetings, such access is not assured.