



Electric Market Reforms for Legislative Consideration

| Reform | Description of Recommendation | Legislation |
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| Market Design | Establish target for desired level of reliability and require PUC to study and implement competitive market design changes that will achieve target by date specified by the legislature. | HB 4378 by Paddie |
| Market Design | Establish competitive reserve product where dispatchable resources are paid a premium for having firm or on-site fuel reserves. | |
| Market Design | Require PUC to study resource entities receiving a subsidy and implement rules to mitigate market distortions and erosion of reliability caused by the subsidy. | |
| Market Design | Establish a percentage of a reserve margin target that must come from dispatchable generation resources to ensure volatility on the system is mitigated to meet expected demand. | HB 4378 by Paddie |
| Market Design | Require intermittent resources to provide back-up resources when they are unable to meet expected forecasts by allocating ancillary service costs according to the amount their intermittency caused to be procured or by providing it through another resource either owned or procured by the intermittent resource. | SB 3 by Schwertner; SB 1278 by Hancock; HB 4466 by King |
| Market Design | Establish competitive products for summer and winter reliability to be paid at a premium for resources with certain characteristics that increase reliability during warmer or dryer than typical seasons or during colder than typical temperatures. | HB 4378 by Paddie |
| Weatherization | Provide access to low-cost debt or state-funded grants to support weatherization of power infrastructure as well as supply chain components like natural gas & water serving power infrastructure | HB 2000 by Huberty |
| Weatherization | Require generators to develop comprehensive emergency operations and weatherization plans with review and enforcement mechanism. | HB 11 by Paddie; SB 3 by Schwertner |
| Weatherization | Map and prioritize Texas energy supply chain to mitigate outages. | HB 14 by Goldman; SB 3 by Schwertner |
| Investment Incentive | Provide a property and sales tax exemption for installation of equipment to weatherize resources to a greater degree than prudent risk management practices dictate. Provide property tax exemption for improvements made to fuel resource components serving electric generating facilities to increase resiliency during extreme weather conditions. Provide a property tax exemption for installation of on-site fuel reserves for existing resources | |

