



ENSURING A SUCCESSFUL ENERGY FUTURE FOR TEXAS

Texas Competitive Power Advocates (TCPA)

Priorities for the 88th Legislative Session

Texas Competitive Power Advocates (TCPA) is a trade association representing competitive power generators and wholesale power marketers with investments in Texas and the Electric Reliability Council of Texas (ERCOT) wholesale electric market. TCPA members represent over 54,000 MW of generation in ERCOT, primarily natural gas, nuclear, and coal. TCPA is dedicated to ensuring a successful future for energy and economic development for Texas by investing in and operating diversified energy sources to ensure reliable, affordable electricity for all Texans.

At a Glance

54,125 MW

Member owned
generation

41,156 MW

Member owned
natural gas generation

82%

Member owned natural gas
generation in ERCOT

77%

Member owned natural gas generation
on intrastate pipelines only



Support regulatory certainty

by promoting a competitive and reliable ERCOT electric market that properly values the reliability needed from dispatchable resources.

- A clear reliability standard should be set for the ERCOT region and let the market respond by providing resources to meet that standard.
- Products should clear at a price that signals to the market that the attributes of reliability and dispatchability are important to ERCOT.
- Resources that operate reliably should have the opportunity to earn a reasonable return on their investments in the market.
- Energy prices should be sufficient to signal market participants to commit and dispatch their units without the need for command-and-control action.
- Adding new dispatchable resources should be achieved through market forces, guided by market signals that reflect resources' attributes, and can demonstrate to lenders and investors the economic viability of the resource to be built.
- Resources that are paid for reliability should be penalized for failure to perform.
- Any "out of market" actions must be reflected in prices, to ensure reliability remains in the market and not the ERCOT control room.

Support affordable consumer costs and future electric reliability

by reforming the intrastate natural gas market to require transparency and accountability.

- Require transparency of information on pipeline capacities, flows, delivery and receipt points, transportation and storage costs, and index of shippers on the pipeline.
- Require enhanced regulatory oversight of defined “non-competitive areas” of the intrastate gas transport system where no offers of firm contracts exist or fuel contract options are limited to the pipeline or its affiliates.
- Develop “capacity release” market requirements to permit gas shippers to “rent” unused contracted firm capacity to other shippers on an open market.
- Strengthen affiliate rules to ensure gas pipelines and associated gas marketing divisions or affiliates do not exercise market power. Provide specific regulatory remedies for failure to provide “just and reasonable” rates or exerting market power, and permit complaints on these issues to be filed in court as well as at the Railroad Commission.
- Require remedies for failure to provide “just and reasonable” rates or exerting market power to apply retrospectively to ensure bad actors do not retain ill-gotten gains.

Support PUC budget requests

to ensure sufficient regulatory infrastructure to implement market changes.

- PUC staff salaries need to recognize their subject matter specialization and expertise in the budget appropriation to PUC. Salaries must be increased to retain those with institutional knowledge and to attract new needed talent.
- Additional FTEs are needed. The additional breadth of issues with water regulation and the expansion of activity on the electric front has consumed staff bandwidth and addressing all the programs under the agency’s jurisdiction can exacerbate retention and attraction headwinds. PUC is one of the smaller agencies with such a far-reaching and important impact on the daily lives of Texans.
- The Utility Gross Receipts Assessment is a fee on consumer bills that funds PUC and OPUC. It raises substantially more revenue than is appropriated to the agencies. Altering this fee calculation to make it self-leveling at an amount sufficient to cover agency expenses would provide proper funding to increase FTEs and staff salaries while also reducing the assessment to provide consumer bill relief.

Support PUC sunset bill

and maintain the scope of agency functions rather than policy changes.

- Provide for a meaningful stakeholder process in which corporate members retain voting rights and formal input on market changes in which companies investing billions in ERCOT will be operating.

Oppose market disruption or degradation of the separation between regulated companies and competitive generation

by the state or ERCOT.

- The ERCOT competitive market should be structured to drive investment in generation through market forces. Any re-regulation efforts should be adamantly opposed, given that regulated markets are significantly more costly than competitive markets.
- The legislature should refrain from disrupting market forces through subsidies, including programs that pick winners and losers through cost recovery, guaranteed rates of return, state-backed low-cost loans, or any other program that shifts the risk of investment from companies to consumers or taxpayers.
- Maintain the separation between regulated entities and generation or retail service entities, to promote a level playing field. Companies with captive rate base customers and the advantage of cost recovery or guaranteed rates of return should not compete against companies whose shareholders assume the investment risk.
- Lawmakers should avoid expansion of rate-regulated entities into the generation space, including through ownership or lease of mobile or other generation such as batteries and distributed energy resources, where captive ratepayers bear the cost and the risk of generation investments.
- Oppose re-regulation of the ERCOT market. Regulated markets are significantly more costly than competitive markets.

Oppose excessive transmission investments

paid in regulated rates by consumers. Statutory changes should ensure that the generation resources for which a transmission line is built:

- Enhance reliability on the system, rather than increasing volatility.
- Do not exacerbate resource adequacy problems by accelerating the retirement of much-needed dispatchable resources.
- Contain caps to ensure estimates of cost are realistic, to prevent ratepayers from being forced to pay for cost over-runs that would have rendered the project ill-advised if known at the time of approval.



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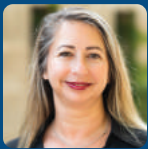


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