

The Truth About the PCM

Opponents believe there is not a reliability problem with ERCOT and that Texas doesn't need more dispatchable generation. Yet, the state's energy experts believe there is an urgent need to incentivize reliable, dispatchable generation. If you agree with the experts, support the PCM as adopted by the PUC and reject the cost cap supported by opponents.

"There is no current or imminent capacity shortage in ERCOT, but increased renewable penetration is causing operational challenges."

- From TAM, TXOGA, TCC, and TIEC Press Release, May 17, 2023

The truth from the experts is:

"I want to emphasize - this is not an operational issue. This is a supply and demand issue."

"We need more on-demand dispatchable power."

- PUC Chairman Peter Lake, May 3, 2023

"I've described many of the tools we have to deal with the real-time operational challenges that we have, but these do not substitute for significant market reforms that will incentivize the development of new dispatchable generation and to help preserve older generation until it can be replaced."

- ERCOT CEO Pablo Vegas, May 3, 2023

"... PCM is not needed as an additional incentive to retain and induce new capacity. Further, PCM would not guarantee the addition of any new capacity..."

- From TAM, TXOGA, TCC, and TIEC Press Release, May 17, 2023

The truth from the experts is:

"We presented the PCM in January and have seen the market respond to that with several thousand megawatts of commitments representing billions of dollars of investment."

"We developed PCM because we think it's the best way to get more dispatchable power."

- PUC Chairman Peter Lake, May 3, 2023

"The urgency to move forward with meaningful electric market reforms that will incentivize the development of dispatchable generation remains extremely high."

- ERCOT CEO Pablo Vegas, May 3, 2023

New Planned Generation at Risk

ERCOT has been clear that Texas urgently needs more dispatchable generation. Generators have announced the building of new dispatchable generation if the PCM as adopted by the PUC is implemented, but these plants could be at risk with a cost cap supported by the opponents who don't believe ERCOT needs new generation.

Calpine: 850MW

Calpine Says Texas Regulatory Plan Encourages 850 MW in New Natural Gas-Fired Power Projects



BY JACOB DICK
April 19, 2023

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source: naturalgasintel.com

Constellation: 300MW

We have an existing, nearly new 300 megawatt gas-fired generator currently unutilized in another region that could potentially be redeployed in Texas to help support grid reliability during times of peak demand. Any relocation of that generator is dependent on the adoption of a robust system reliability standard and a stable market designed to achieve that standard.

source: Constellation

NRG: 1500MW

NRG is in late-stage development of a new 689 MW natural gas generating unit in ERCOT, with the potential for two additional new units for a total of 1,500 MW of new generation in the Houston area.

The successful completion of any of these development projects is contingent upon several factors, including the Legislature reaffirming its support for competitive electricity markets and a functional Performance Credit Mechanism (PCM).

source: NRG

Rockland Capital:
500MW

"We have been looking at the prospect of expansions [that] will add another 500MW... We are prepared to proceed with these projects if the PCM is passed in a way that provides reasonable certainty..."

source: House State Affairs
testimony, April 19, 2023

WattBridge:
1600-2100MW

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Planned Installation of Additional 1,600 MW in Support of Texas Energy Security is Endangered as State Legislature Considers PCM Guardrails

source: prnewswire.com

