



GOVERNOR GREG ABBOTT

July 6, 2021

Chairman Peter Lake
Commissioner Will McAdams
Commissioner Lori Cobos
Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711-3326

Dear Commissioners:

Maintaining the reliability of the Texas electric grid is essential for all Texans and must remain your top priority as members of the Public Utility Commission. During the recently completed 2021 legislative session, the Texas legislature passed multiple bills that improve electric reliability. Those laws substantially reform the Electric Reliability Council of Texas (ERCOT); mandate weatherizing our electric system; bolster the power grid integrity; and impose greater mandates for the Public Utility Commission, among other items.

While these laws significantly reform Texas' energy and electric power market, more can be done to increase power generation capacity and to ensure the reliability of the Texas power grid. To achieve those goals, I am directing the Public Utility Commission of Texas (PUC) to immediately take the following actions:

- **Streamline incentives within the ERCOT market to foster the development and maintenance of adequate and reliable sources of power, like natural gas, coal, and nuclear power.** The PUC has the ability to redesign segments of the market to incentivize and maintain the reliable electric generating plants our state needs. Those incentives must be directed toward the types of electric generators we need for reliability purposes. The goal of this strategy is to ensure that Texas has additional and more reliable power generation capacity.
- **Allocate reliability costs to generation resources that cannot guarantee their own availability, such as wind or solar power.** Electric generators are expected to provide enough power to meet the needs of all Texans. When they fail to do so, those generators should shoulder the costs of that failure. Failing to do so creates an uneven playing field between non-renewable and renewable energy generators and creates uncertainty of

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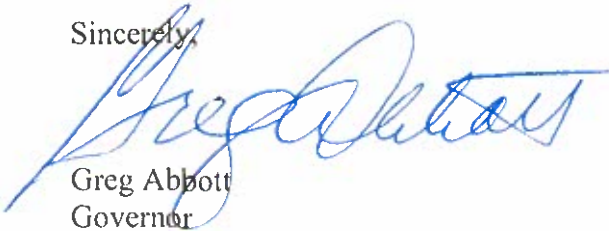
available generation in ERCOT. To maintain sufficient power generation—especially during times of high demand—we must ensure that all power generators can provide a minimum amount of power at any given time.

- **Instruct ERCOT to establish a maintenance schedule for natural gas, coal, nuclear, and other non-renewable electricity generators to ensure that there is always an adequate supply of power on the grid to maintain reliable electric service for all Texans.** Regular maintenance of our natural gas, coal, and nuclear plants must be strategically scheduled to prevent too many generation plants from being offline at the same time. This will help prevent an artificial shortage of power.
- **Order ERCOT to accelerate the development of transmission projects that increase connectivity between existing or new dispatchable generation plants and areas of need.** Dispatchable generation, such as natural gas, coal, and nuclear power plants, are essential for the reliability and stability of the electric grid because they can be scheduled to provide power to the grid at any time. We must ensure that, at any point in time, ERCOT is utilizing non-renewable electricity in sufficient amounts to maintain reliable power throughout our state.

The objective of these directives is to ensure that all Texans have access to reliable, safe, and affordable power, and that this task is achieved in the quickest possible way. Taking the actions outlined above will help achieve that goal as well as ensure that there is sufficient electric generation to meet the needs of the state's growing population and booming economy. These immediate actions are in addition to any proposed changes resulting from the 87th regular legislative session, your workgroups, and the forthcoming Texas Energy Reliability Council.

Through clear communication, transparency, and implementation of these critical changes, the PUC and ERCOT can regain the public's trust, restore ERCOT's status as a leader in innovation and reliability, and ensure Texans have the reliable electric power they expect and deserve.

Sincerely,



Greg Abbott
Governor

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