



SIERRA CLUB

LONE STAR CHAPTER

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For Immediate Release

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Sierra Club Statement on PUC's Initial Approval of PCM Market Redesign Concept

On Jan. 19, all five commissioners of the Public Utility Commission of Texas gave initial approval to redesign the state's electricity market based on the brand new Performance Credit Mechanism (PCM) concept.

[This decision](#) tells the Legislature, the market, and Texas electric consumers that this is the direction the PUC is headed after the disaster of Winter Storm Uri. Importantly, the Commission agreed to delay full implementation of the decision until "the 88th Legislature has had an opportunity to render judgment on the merits of the PCM and/or establish an alternate solution."

In making the decision, the Commission eliminated consideration of some more controversial load serving entity forward capacity obligations. Still, the decision will put more risk and costs on consumers. One important improvement over the initial proposal is that the Commission is considering opening the future market to allow demand side resources, like demand response and energy efficiency, as well as distributed smaller resources to bid into the new service and be paid for it, which should lower costs and the demand on the system. Allowing loads and local energy resources to provide the service during the 30 to 40 hours a year when it would likely be used has been a key demand of the Sierra Club.

In response to the PUC's decision, **Cyrus Reed, Conservation Director of the Sierra Club Lone Star Chapter**, issued the following statement:

"The Sierra Club remains concerned that this new mechanism will provide extra money to long-standing fossil fuel generators and will fail to ensure the reliability or new investment that Texans are looking for. In fact, there is potential for huge consumer costs and risks through this mechanism, a fundamental change from our current market.

“If the PCM moves forward, allowing energy efficiency, distributed generation and demand response, and new technologies like storage to provide the service will be key to keeping costs lower and assuring that Texas does not overbuild for the few hours a year that the PCM would actually be used.

“We continue to believe that the lowest cost option to keep our electric grid reliable and resilient is to invest in our consumers through energy efficiency, demand response, and local energy resources like local solar and storage. We are hopeful that through separate legislation or rulemaking we can finally invest in the demand side in the coming months.”