



To: The Honorable Todd Hunter, Chair  
Members, House Committee on State Affairs

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**HB 4831 (Hunter) Relating to the implementation of a program to meet the reliability needs in the ERCOT power region.**

**The Sierra Club is generally supportive of the bill, but believes it can be improved.** HB 4831 sets guardrails around the potential implementation of a PCM, a recent market mechanism tentatively approved by the PUCT. In general, the Sierra Club has opposed the decision to implement a PCM, and HB 4831, while not disallowing the implementation of a PCM, puts in provisions that first would need to be met.

First the bill prevents the PUCT from implementing a “reliability program” such as the PCM until both ERCOT and the IMM conducts an assessment of the cost and impact of such a mechanism on the market. The Sierra Club supports this provision in the bill.

However, the bill then seems to allow the PUCT to implement the PCM regardless of what the assessment finds. In other words, the bill while requiring the assessment does not require the PUCT to consider the assessment before implementing any reliability product.

We would support instead both an assessment and a reconsideration of any potential PCM before implementation. Adding language that the Commission can not implement a PCM until it takes a specific decision after the assessment would improve the bill.

In addition, while subsection (b) appears to put some further guardrails on the development of the PCM, most of which we support, the bill lacks further guardrails. As an example, we believe that the PCM should not go forward if other reliability and ancillary services implemented by the Commission find that the reliability service is no longer needed. In addition, we would suggest that no PCM be implemented until after realtime

co-optimization has been implemented by ERCOT. We are happy to provide some specific language to the author of the bill.