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**ERCOT INTERIM SOLUTION B+ TO  
IMPROVE REAL-TIME SCARCITY  
PRICING**

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**BEFORE THE PUBLIC UTILITY COMMISSION  
PUBLIC UTILITY COMMISSION  
FILING CLERK  
OF TEXAS**

**COMMENTS OF**  
**ENVIRONMENTAL DEFENSE FUND, INCORPORATED**

Environmental Defense Fund (EDF) appreciates this opportunity, talk about our history of comments, etc. & our continued interested in DR as a near-term solution to pressing resource adequacy needs.

Most recent ERCOT reports project shortfall this summer and in 2015, however these projections fail to take into account the trend of increased temperatures over the past 15 years. If that trend is taken into account, we will likely fall short in 2014 as well.

Important to recognize that the increase in wholesale costs resulting from this proposal will necessarily result in increased retail rates for all customer classes, the PUC should seek to understand the impact to ratepayers before moving forward. In this context the PUC should recognize the inherent benefit of DR and other DSR, which have the benefit of short lead time, while directly benefiting customers.

Additionally, Dr. Hogan clearly stated multiple times that his proposal is not intended to maintain reliability, the proposal improves inefficiencies resulting from market failures such as the "hockey stick" pricing curve under current market conditions. While EDF supports dealing with such market failures, we believe it is important to address the more immediate reliability concerns with solutions that can both be implemented and deployed quickly, and that will contribute to the long term operation of a reliable, efficient & competitive market.

As a result we believe that this effort, while providing important resolution to key market failures, is a distraction from the issue at hand. Specifically: according to ERCOT, this proposal will take 6-8 months to complete, and it may take several years for the effects of this proposal to result in the development of new thermal generation projects, which will in turn take several years to construct and bring online.

The PUC is considering action to develop and administratively established pricing curve in a competitive market in order to support the development of new thermal generation projects, which may not result in improvements in system reliability for several years, if at all. EDF believes that the PUC should focus instead on developing solutions that can be implemented & deployed more quickly, that those solutions can improve system reliability in the near term, where the concern is most pressing.