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Texas Independent Producers and Royalty Owners Association

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PUBLIC UTILITY BOARD
FILING CLERK

November 14, 2013

Regarding: Capacity Market Proposal

Dear Commissioners:

The Texas Independent Producers and Royalty Owners (TIPRO) is an oil and gas trade association made up of over 2,500 members statewide, the vast majority of which are small independent oil and natural gas producers. We also represent royalty owners across Texas, as well as most of the largest publicly-traded independent producers operating in the state.

At this time, TIPRO's membership opposes any shift toward a capacity market in Texas. The resulting hike in cost would be particularly damaging to small independent producers, most of which operate on a tight profit margin. In fact, many small producers reinvest virtually all profits from a given well into their next project.

Further, many producers in west Texas are already struggling to compensate for congestion charges. To further increase their costs by switching to a capacity market would compound this problem and may prove to be an insurmountable barrier to the continued operation of some companies.

TIPRO has not ruled out consideration of adjustments to our current system. However, we urge the PUC to continue to proceed deliberately and thoughtfully to fully vet any changes to the Texas electric market. Our members hope that by utilizing all available resources, including any forthcoming reports or forecasts that may provide essential information, the Commission will be able to make the right choices for Texas electric generation without damaging an industry as vital to the Texas economy as oil and natural gas.

Thank you, we look forward to continuing to provide input on this vital issue. Please do not hesitate to contact me at (512)477-4452, or at tcarter@tipro.org.

Sincerely,

Teddy Carter
VP Government Affairs

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