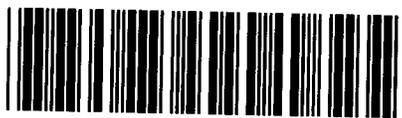


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PUBLIC UTILITY COMMISSION
FILING CLERK

November 18, 2013

Commissioner Kenneth W. Anderson, Jr.
Public Utility Commission of Texas
PO Box 13326
Austin, Texas 78711-3326

Re: Opposition to a Mandated Forward Capacity Market – PUCT Project 40,000

Dear Commissioner Anderson:

As you consider ways to assure adequate supplies of electricity for our rapidly growing state, we urge you to look at effective and viable alternatives to a mandated forward capacity market to build upon our successful competitive energy infrastructure, not move us backward toward a system of unnecessary mandates and expensive fees or taxes for power we may never use. Texas ratepayers must continue to have reliable and competitively priced electricity. The implementation of a capacity market in Texas would create regulatory uncertainty, lead to extensive litigation and would represent a significant step backward for electricity markets in our state. Such a "market" would have a chilling effect on economic progress and job growth in Texas.

Forward capacity mandates have only proven to be costly, cumbersome, and inefficient. One such market, known as "PJM" (Pennsylvania, New Jersey and Maryland), has cost customers in PJM's territory approximately \$50 billion (since its inception in 2007 through 2011), with the overwhelming majority of that money going to existing generation plants, not to fund new construction. The costs have been so extreme that states in the PJM footprint have attempted to build their own power plants because it would be cheaper than paying the capacity market taxes. Estimates for the cost of implementing similar measures in ERCOT would be in the billions of dollars per year. This kind of failed system has no place in Texas.

Rolling back our competitive electricity market toward a highly-regulated capacity market could have a greater long-term financial impact on Texas business and industry than nearly any other single issue we've faced in many years. The Public Utility Commission (PUC) has only recently undertaken significant market improvements without having to force capacity mandates on Texas. These steps have been consistent with our current market structure and are rooted in sound market principles. And this approach has already borne fruit. A number of new generation projects have been planned and announced to meet the needs of our burgeoning economy.

Since deregulation, the current energy-based wholesale market design has consistently provided sufficient generation supply and ensured a high level of reliability. While more can be done to improve the electricity market, measures that follow sound market principles and that incentivize the building of new, efficient generation sources are preferable to measures that would increase costs through government mandates and increased taxes on energy use. As you are aware, alternatives to a capacity market have been filed with the PUC. We believe the Supplemental Reserve Service (SRS) proposal is far more effective, narrowly tailored, and a less costly approach than a mandated capacity market. We hope you and the PUC Commissioners will give the SRS proposal serious consideration.

For these reasons, we urge you and the Commissioners at the PUC to support the current energy-only market and to avoid what would be a very costly and unnecessary endeavor. Avoiding a capacity market and saving consumers billions of dollars is something on which all Texas taxpayers and ratepayers can agree.

Sincerely,



Bill Oswald
TAM Chairman



Tony Bennett
TAM President