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PROJECT NO. 37897  
40000

PUC PROCEEDING RELATING TO § PUBLIC UTILITY COMMISSION  
RESOURCE AND RESERVE §  
ADEQUACY AND SHORTAGE § OF TEXAS  
PRICING §

**COMMENTS OF ALLIANCE FOR RETAIL MARKETS TO PRE-WORKSHOP  
QUESTIONS POSED IN SECOND PUBLIC NOTICE**

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FILED  
REGISTRY

The Alliance for Retail Markets (ARM)<sup>1</sup> timely files these Comments in response to the public notice issued by the Commission on June 10, 2011, which solicits interested parties to comment on two questions.

- 1. Does Texas have the right scarcity pricing and resource adequacy mechanisms in place for the ERCOT and non-ERCOT regions to ensure reliable electric service in the future?

ARM does not take a position at this time as to whether appropriate scarcity pricing and resource adequacy mechanisms are currently in place for the State. It reserves the right to comment on any such proposals raised in this proceeding.

- 2. Should the Commission establish reliability requirements by rule rather than relying on ERCOT and the stakeholder process?

PURA § 39.151(d) requires the Commission to adopt and enforce rules relating to the reliability of the ERCOT network, unless it delegates those responsibilities to ERCOT pursuant to its oversight authority. Traditionally, the Commission has played an active role with respect to resource adequacy-related issues in Texas. ARM submits that the Commission should provide policy direction regarding those issues by rule—if the substantive rules do not presently reflect such—and leave the implementation of the details necessary to achieve the Commission’s objectives to the ERCOT stakeholder process. The specificity of the policy direction provided

<sup>1</sup> The members of ARM supporting these Comments are: Champion Energy Services, LLC; Direct Energy LP; First Choice Power Special Purpose, LP; and Noble Americas Energy Solutions LLC.

by Commission rule will depend on the degree to which the Commission decides to give stakeholders discretion to carry out its objectives.

Respectfully submitted,



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