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PUC's Market Redesign Increases Costs and Reduces Reliability

Market Interventions will Cost Texans Close to \$8 billion a Year by 2026

AUSTIN, TX (01/16/22) — A [newly released paper](#) by the Energy Alliance, *The End of Texas' Energy-Only Electricity Market*, shows that Texas Gov. Greg Abbott's recent order for the Public Utility Commission of Texas to proceed with a redesign of the Texas electricity market will not improve the reliability of the Texas grid.

"The PUC's effort does almost nothing to address the primary cause of unreliability in the Texas market, renewable energy," said Bill Peacock, the report's author. "Instead, renewables will continue to dominate the market, making up almost 99% of all new generation coming online in the next four years."

The Texas Legislature's and PUC's intervention in the market after Winter Storm Uri has led to two spirals: one which drives electricity costs up and the other that drives grid reliability down. The Energy Alliance calculates that existing and proposed federal, state, and local market interventions will result in Texans being saddled with an annual electricity tax as high as \$8 billion a year by 2026. About \$6 billion of this is under the control of the Texas Legislature.

"The Texas Legislature has essentially imposed a \$6 billion annual electricity tax on Texans," said Peacock. "Gov. Abbott's recent order to the PUC will increase those costs while largely ignoring the harm caused by wind and solar subsidies."

The Energy Alliance's recommendations for restoring reliability to and reducing the cost of the Texas grid include: scraping the PUC's market redesign project, restoring price competition in the electricity market, not adopting a mandatory reliability standard, eliminating Chapters 312 and 313 property tax abatements for wind and solar generation, and making renewable generators pay for the costs they are imposing on the grid because of the federal subsidies they receive.

The End of Texas' Energy-Only Electricity Market [can be found here](#).

The Energy Alliance is a project of the [Texas Business Coalition](#) to raise awareness of issues about the energy market that matter most to consumers: Reliability, Affordability, and Efficiency.

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