PUC Approves Major Improvements to Electric Grid Reliability

In a unanimous decision today, the Public Utility Commission of Texas (PUCT) voted to significantly improve short- and long-term electric grid reliability. The reforms create a new model for the wholesale electricity market, emphasizing reliability over crisis management.

Some changes will take effect immediately for the winter season. Other changes will provide long-term incentives for investment in reliable power generation, ensuring Texas has the power it needs for decades. These changes maintain a competitive market for all types of generation, with market forces driving the best mix of technology to deliver reliable power.

Among the key changes approved today:

- **Operating Reserve Demand Curve (ORDC)**: A mathematical formula that affects how electricity is priced as reserve electricity generation becomes scarce. Today’s changes will provide earlier price signals to bring additional generation online and for large consumers to adjust their demand.

- **Decreasing Electricity Demand**: Another important tool for ensuring the grid has sufficient available power. Today’s action by the commission increases the incentives for large consumers to decrease electricity usage in response to prices and grid conditions. This includes virtual power plants where groups of consumers can come together into a single resource for the grid.

- **Emergency Response Service (ERS)**: An existing tool for large customers to register with ERCOT to decrease their electricity demand when the grid needs additional power. Previously, this tool was only available during emergencies. Now ERS can be used to avoid emergency conditions. In addition to putting megawatts of electricity onto the grid, there are a host of other services that generators provide that keep the grid running smoothly. The commission approved new or revamped ancillary services that include paying generators for having onsite fuel storage, the ability to respond quickly to changes in the frequency of the grid, and the capacity to react to abrupt swings in electricity supply and demand.

These improvements are part of Phase 1 of the Commission’s work to improve grid reliability and the wholesale electricity market. Phase 2 will include a review of a backstop reliability service and a load-side reliability mechanism. These will provide further market signals for reliable generation. PUC staff and ERCOT staff will develop phase 2 policies over the coming weeks and report back to the commissioners.

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**About the Public Utility Commission**

Our mission is to serve Texans by regulating the state’s electric, telecommunication, and water and sewer utilities, implementing respective legislation, and offering customer assistance in resolving consumer complaints. Since its founding in 1975, the Commission has a long and proud history of service to Texas, protecting customers, fostering competition, and promoting high quality infrastructure. To learn more, please visit [http://www.puc.texas.gov](http://www.puc.texas.gov).