



# The Senate of The State of Texas

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The Honorable Kathleen Jackson, Chair, Public Utility Commission  
The Honorable Lori Cobos, Commissioner, Public Utility Commission  
The Honorable Jimmy Glotfelty, Commissioner, Public Utility Commission  
The Honorable Will McAdams, Commissioner, Public Utility Commission  
Public Utility Commission of Texas  
Post Office Box 13326  
Austin, Texas 78711

Dear Commissioners,

We have significant concerns with the Request for Proposal (RFP) for a Wholesale Electric Market Monitor (RFP number: 473-23-00007; Project number: 55222).

The role of the Wholesale Electric Market Monitor is critical to ensure the Electric Reliability Council of Texas (ERCOT) markets run efficiently and without market power abuse or manipulation. It is imperative that this role is completely independent, not only from ERCOT and market participants, but also from censorship by the Public Utility Commission (PUC).

Several changes in the current RFP are troublesome. First, removing "Independent" from the title of the position Independent Market Monitor (IMM) and renaming it the Electric Market Monitor (EMM) implies that the position is no longer truly independent. The RFP states that the name change is to match statutory language, but the statutory reference has not been changed since it was adopted in 2005. HB 1500 from 88R requires the market monitor to "provide independent analysis...." While this contractor is hired through a contract with the PUC, it is ultimately the people of Texas within ERCOT who pay for this position. This position is similar to an auditor or ombudsman, and their analysis should not be influenced, nor their recommendations suppressed, by politicians or bureaucrats.

Second, requiring the PUC to be notified of any request for the IMM to speak and the subject matter prior to any appearance is problematic. The legislature regularly utilizes the independent evaluations of the IMM when contemplating policy, and any requirement to seek permission prior to speaking or to report back to the PUC is inconsistent with the market monitor's independence. The public also relies on the IMM to identify issues that are harmful to the citizens of Texas. We have certainly not always agreed with the IMM, but it would be detrimental to the legislature and the people of Texas if the IMM was prevented from giving their honest, independent assessment and recommendations without the PUC's prior approval. HB 1500 contained language specifically protecting the IMM's

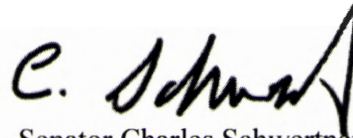
ability to do so: “The commission may not restrict the market monitor from appearing or speaking before or providing analysis to the legislature.”

Finally, Commissioners, HB 1500 included language ensuring that you approve changes to the market monitor’s contract. The language in the RFP allowing the executive director of the PUC to remove the director of the IMM without the Commissioners' approval is alarming and inconsistent with the intent of HB 1500. We urge you to consider the concerning provisions contained in the new RFP and ensure the IMM’s continued independence in the final scope of work and the contract.

Sincerely,



Dan Patrick  
Lieutenant Governor



Senator Charles Schwertner, Chair  
Senate Committee on Business & Commerce