

**DOCKET NO. 48366**

**APPEAL OF CITIES OF BARTLETT,  
BRIDGEPORT, FARMERSVILLE,  
GOLDSMITH, HEARNE, ROBSTOWN,  
SANGER, AND SEYMOUR  
REGARDING A REVISION TO  
ERCOT'S DEFINITION OF  
TRANSMISSION OPERATOR**

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**PUBLIC UTILITY COMMISSION  
OF TEXAS**

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**TEXAS COMPETITIVE POWER ADVOCATES (TCPA) REPLY TO ORDER  
REQUESTING INFORMATION AND BRIEFING**

Texas Competitive Power Advocates (TCPA) appreciates the opportunity to submit these comments responding to certain questions posed by the Public Utility Commission of Texas ("Commission") in its Order Requesting Information and Briefing.<sup>1</sup> TCPA is a trade association representing power generation companies and wholesale power marketers, with investments in Texas and the Electric Reliability Council of Texas (ERCOT) wholesale and retail electric market. TCPA members and their affiliates provide a wide range of important market functions and services in ERCOT, including the development, operation, and management of power generation assets, the scheduling and marketing of power, the provision of energy management services and the sales of competitive electric service to consumers. TCPA members provide approximately seventy percent (70%) of the total net operable electric generating capacity in ERCOT, representing billions of dollars of investment in the state, and employing thousands of Texans.

TCPA's comments focus on concerns about the overall policy that would be established by exempting the Small Public Power Group of Texas' (SPPG's) municipally-owned utility (MOU) members with loads equal to or less than 25 MW from the ERCOT requirement to register as or designate a third party Transmission Service Provider (TSP) as a Transmission Operator (TO) and, as a consequence, from firm load shed requirements during system emergencies. First, as noted by ERCOT staff in comments submitted on April 3, 2018 on Nodal Operating Guide Revision Request (NOGRR) 149, there are more than 50 distribution service providers (DSPs) in

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<sup>1</sup> Order Requesting Information and Briefing (Aug. 14, 2019). TCPA has not intervened to be a party to the above-referenced proceeding (and does not intend to do so) but submits these comments in response to the Commissioners' expressed interest at the August 8, 2019 open meeting to hear from market participants regarding the policy issues involved in this appeal.

the ERCOT region with peak loads of approximately 600 MW that would be eligible for this exception if the Commission grants SPPG's appeal.<sup>2</sup> In this same submission, ERCOT notes that such an exemption would result in the remaining DSPs bearing a larger proportional share of the load shed obligation. As the ERCOT region has seen declining reserve margins, the impact that removing 600 MW of load from emergency load shed requirements is not without significance. Not only would such a decision unfairly increase the burden on the competitive portions of ERCOT, it would also remove the incentive for the exempted MOUs to assist with conservation efforts currently shared by the entire ERCOT region during times of scarcity. Additionally, SPPG's analogy to the "small fish swim free" rule is inappropriate and without merit. Load shed during ERCOT emergency operations has more immediate reliability consequences for our state's economic stability and requires shared sacrifice from all loads to avoid a more consequential power imbalance, whereas the Commission's "small fish swim free" rule is an administrative determination that small power producers are unable to leverage sustained market power in the face of strong competitive market discipline.<sup>3,4</sup>

In addition to the concerns regarding the impact of the actual policy decision, exempting small DSPs from a requirement applicable to all other loads in ERCOT may lead to other exemptions that similarly-sized DSPs may seek in other areas upon attestation of financial or other hardship. For example, the postage stamp method for allocating ERCOT-wide transmission costs could be one these cities also deem a financial hardship in the future, arguing for an exemption from those or other costs as a "special circumstance."

TCPA finds it unclear whether the Cities availed themselves of other options to satisfy the TO registration or designation requirements in ERCOT. Whether through an arrangement with a designated TSP or through some other type of arrangement to aggregate their load shed responsibilities and procure an entity to satisfy the TO requirement, the solution should not be to shift the burden to other areas, and therefore those areas' customers, in ERCOT.

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<sup>2</sup> NOGRR 149, Revisions to Definition of Transmission Operator, ERCOT Comments submitted by Chad Seely and Douglas Fohn, April 3, 2018 at page 2-3.

<sup>3</sup> PUC Docket 48366, Appeal of the Small Public Power Group of Texas Regarding ERCOT's Definition of "Transmission Operator," filed May 14, 2018 at page 3.

<sup>4</sup> 16 Texas Admin. Code (TAC) §25.504.



## **I. Responses to Commission Questions**

### **11. Why should a load equal to or less than 25 MW be the optimal cut-off point to exempt compliance with load shedding? If a load equal to or less than 25 MW is not the optimal cut-off point, what is the right cut-off point?**

As stated above, TCPA does not believe there should be any exemption to compliance with load shedding requirements. Load shedding is a vital responsibility for TOs and the last line of defense for ERCOT to maintain grid stability. As such, it would be unfair and discriminatory to the remaining ERCOT consumers to exempt any entity from these requirements, thereby violating 16 TAC § 25.200(a)'s requirement that emergency load shedding be non-discriminatory. A more appropriate solution would be to require these DSPs to register as, or contract with, a TO to provide the necessary services, which would be consistent with the requirements to provide non-discriminatory access to transmission services. These services should include requirements related to load shedding obligations as well as the delivery of electricity.<sup>5</sup>

### **19. Would creating an exemption for DSPs with loads equal to or less than 25 MW violate 16 TAC §25.200(a)?**

Yes, it would violate 16 TAC §25.200(a) because the section requires ERCOT to direct “non-discriminatory” emergency load shedding and curtailment procedures. An exemption, by its very existence, would discriminate against customers in the competitive areas of ERCOT who are forced to bear an increased share of load shedding in order to provide an exemption to these DSPs.

## **II. Conclusion**

All entities within ERCOT should continue to bear the appropriate proportion of responsibility for maintaining the system, whether in transmitting power or responding to needed load shed in times of emergency. Providing an exemption for the requesting DSPs leads down a slippery slope of shifting burdens to other customers within ERCOT. Today, the request is an exemption from load shedding obligation because of size and economics; but the next request could be an exemption from their portion of the transmission costs allocated on the postage stamp method. Size or location of the systems are not compelling reasons to grant discriminatory treatment for such a critical function. This issue was thoroughly vetted through the ERCOT

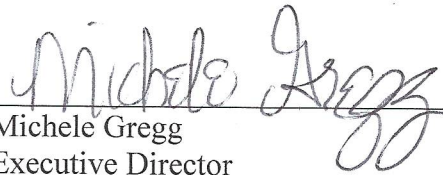
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<sup>5</sup> 16 TAC §25.191

stakeholder process, through the Technical Advisory Committee, and ultimately the ERCOT Board of Directors. TCPA urges the Commission to uphold the decisions made by the ERCOT stakeholder process. We appreciate the opportunity to weigh in on the policy issues under consideration.

Dated: August 30, 2019

Respectfully submitted,

A handwritten signature in cursive script, reading "Michele Gregg", is written over a horizontal line.

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