



Chairman Peter Lake
Commissioner Will McAdams
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Executive Director Thomas Gleeson
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, TX 78701

May 10, 2022

RE: NPRR 1108 Passed by ERCOT Board

Dear Chairman, Commissioners, and Mr. Gleeson:

Texas Competitive Power Advocates (TCPA) is a trade association representing power generators, and wholesale power marketers with investments in Texas and the Electric Reliability Council of Texas (ERCOT) wholesale electricity market. TCPA and its members represent nearly ninety percent of the non-wind capacity in ERCOT. On April 28, the ERCOT Board passed NPRR 1108 with ERCOT comments, contrary to the unanimous vote of the Technical Advisory Committee (TAC).

The adoption of ERCOT's comments was an extraordinarily rare rejection of stakeholder consensus and failed to recognize three important components of the unanimous TAC-approved comments. That action by the ERCOT Board will also likely result in less reliability and transparency because the declining megawatts allowed on planned outage under the Board's adopted approach will necessitate an increased number of forced outages in order to maintain safety of resources and employees and to maintain service agreements and warranties, which require Original Equipment Manufacturer (OEM) maintenance at particular time intervals. Attached is a brief set of concerns shared by all TCPA members as well as other dispatchable generation resource owners across ERCOT.

TCPA respectfully requests the Commission reject the ERCOT Board action, in consideration of the real impacts that approval of the Board-approved version of NPRR 1108 would have on the long-term viability of the dispatchable fleet, the ability of existing and potential resource owners to operate in the ERCOT market now and in the future, and the overall impact to resource adequacy and reliability.

Additionally, TCPA requests immediate initiation of a stakeholder-Commission forum or project to discuss the formal process by which the Commission will consider ERCOT Board actions for approval or disapproval and the means and timetable by which stakeholders will be able to



provide meaningful comment to the Commission concerning ERCOT Board actions. In the absence of a formalized process developed after discussions among stakeholders and the Commission, it is inevitable that the Commission will face numerous different types of challenges to ERCOT Board actions and to any Commission approval of such Board actions (at least one of which is already pending in the Third Court of Appeals).

The need for a formal process for Commission consideration of, and potential appeals of, ERCOT Board action and any Commission approval of that action is not specific to any one NPRR but to the entire process under the new SB 2 regime. Clear and specific processes to direct Market Participants and ERCOT about the appropriate avenues for input and potential appeal is crucial to ensuring due process and stakeholder input to the Commission.

TCPA appreciates your consideration of these requests and looks forward to the discussion at the May 12, 2022 Open Meeting. Our members look forward to working with the Commission, Commission Staff, and ERCOT on charting a course for ERCOT and the Commission that provides an environment in which dispatchable generators are able to reliably and responsibly operate in the ERCOT region.

Respectfully,

A handwritten signature in black ink that reads "Michele Richmond". The signature is written in a cursive, flowing style.

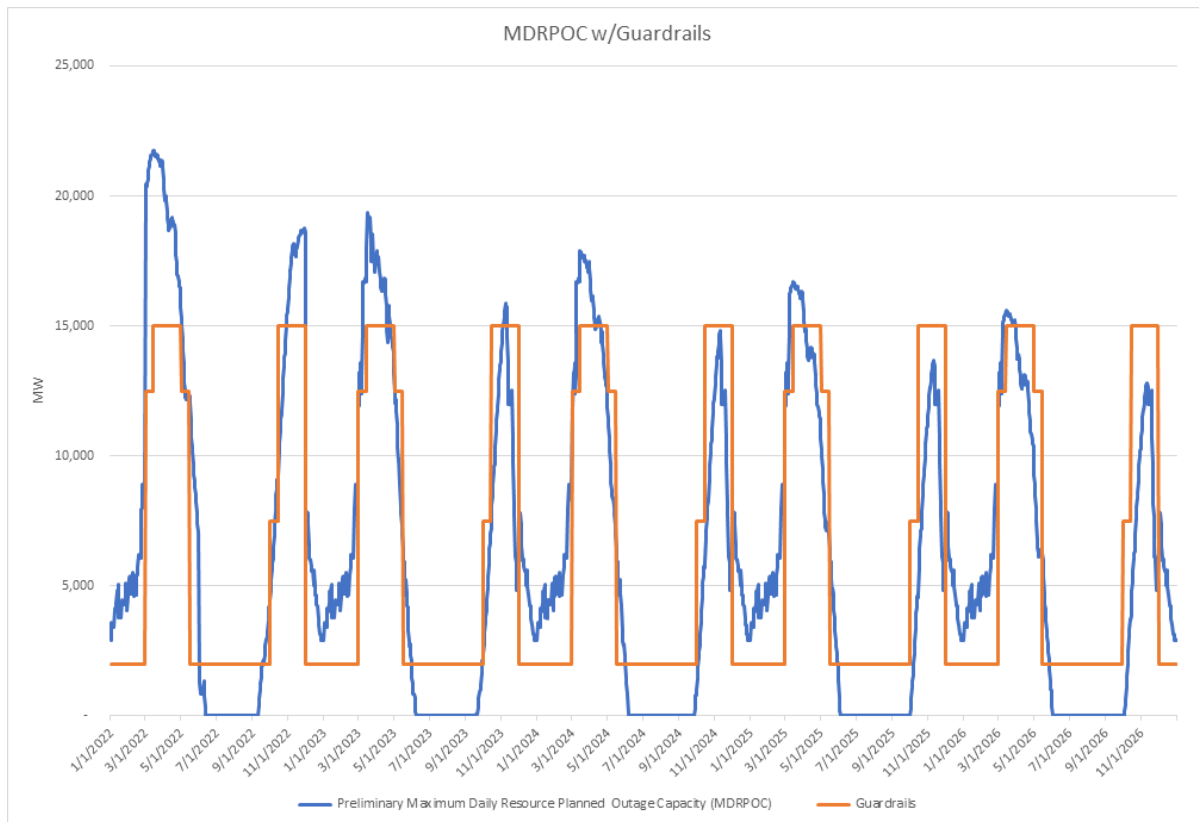
Michele Richmond
Executive Director
Texas Competitive Power Advocates

NPRR 1108

- SB 3's requirement for ERCOT to "review, coordinate, and approve or deny requests" by Resource owners for Planned Outage does not require ERCOT to establish a hard limit on planned outages using a one-sided methodology under ERCOT's unilateral control.
- ERCOT's existing Protocols and processes were already generally compliant with SB 3. Existing protocols already included an Outage Scheduler, 37 pages of Outage Coordination requirements, and a process by which ERCOT can "accept," "reject," and "withdraw approval or acceptance" of "approved or accepted planned outages"
- Supplementing the existing protocols with improvements to transparency, specifically taking into account a top-down analysis that factors in volatile load, wind, and solar forecasts, as well as already-planned outages, is beneficial.
- Unnecessary changes in NPRR1108 include:
 - Overly restrictive minimum planned outage capacity, forcing generation owners to risk voiding warranties or taking forced outages, decreases reliability.
 - Ignoring stakeholder process. Ignoring TAC's unanimously approved recommendations sets a bad precedent for overall governance. The recommendations provided a compromise that recognized ERCOT's desire for a more stringent outage coordination framework while also providing some certainty to resource owners that the planned outages needed in the past will be a floor for outage approvals in the future, recognizing and balancing ERCOT's reliability needs with the reality Resource Owners face in operating complex equipment in an era of conservative operations.
 - Rescheduling of OSA-moved outages: this does not undermine coordination, approval, or denial. ERCOT could still issue another OSA and the same resource may ultimately move its rescheduled outage again; it is only fair, though, for ERCOT to not burden a resource that has already responded to a reliability need when other resources may be better situated to respond to a second call. This approach better meets the meaning of "coordinate."
- ERCOT's Maximum Daily Resource Planned Outage Capacity (MDRPOC) methodology represents an important perspective, but it is an imperfect and incomplete approach. MDRPOC without guardrails risks turning outage scheduling into a game of musical chairs, when it should be coordinating peak performance across the fleet. By taking into account load growth but not accounting for resource growth, MDRPOC reduces the planned outages ERCOT will approve in the future, which is contrary to the needs of the fleet and to reliability.
 - ERCOT's proposed MDRPOC is also based on the past 3 years' outage history, which does not account for the extreme conservative operating posture currently used. The fleet is being run harder and more frequently. With more starts and longer run hours, generators will need the ability to take more planned outages, not fewer, as the wear and tear triggers Original Equipment Manufacturer (OEM) scheduled maintenance under service agreements and to maintain warranties.

- ERCOT’s proposed MDRPOC also has a potential “death spiral” feedback loop because it also takes historical forced outages into account. An increase in forced outages, to replace planned outages will further reduce MDRPOC going forward, in turn re-raising the risk of forced outages.
- Using an overly conservative approach that assumes the highest load forecast, the lowest wind and solar forecasts, and a conservative operating reserve margin means that an insufficient number of outages will be approved.
- ERCOT’s proposed MDRPOC suffers from false precision, as it is effectively trying to predict the daily weather weeks, months, and years in advance. Resource operators can much more easily plan around a predictable block, and the TAC-approved guardrails provide that predictable baseline.
- ERCOT’s proposed methodology in NPRR1108 will allocate fewer available Outage hours as these Resources continue to age, and this declining Outage availability is identified by the ERCOT published data. These resources must be able to plan Outages to conduct essential maintenance.

Graph of MDRPOC with Guardrails:



- As ERCOT rations Outage time in the traditional period of Spring and Fall, and as supported by the ERCOT published data, it becomes conceivable that not all Outages will be allowed in those times. It therefore becomes imperative that some degree of Outages be allowed in the non-traditional Outage times of Summer and Winter. The floor

recognizes this paradigm shift and provisions for some amount of Planned Outage capacity during those non-traditional Outage months.

- The Advance Action Notice (AAN)/Outage Schedule Adjustment (OSA) process has proven to be successful in the fall of 2021 and spring of 2022 in obtaining the capacity that ERCOT believes it needs to avert an Emergency Condition. So far, avoiding an Emergency Condition, and leading to many Resource owners voluntarily moving outages.
- A resource responding to a reliability need should be given priority to reschedule its planned outages – not punished by having its reschedule potentially held hostage by ERCOT.
- The procedural history of NPRR1108 itself demonstrates that ERCOT making unilateral decisions can have unintended consequences, and that providing a voice for stakeholders ensures that ERCOT and stakeholders come to the table to find compromises and craft better market policies for all.
- A TAC-approved process gives stakeholders and ERCOT an opportunity to appeal to the ERCOT Board in the event that there is a belief that there is harm to either party by a version of the methodology that is approved by TAC. Absent that process, the Commission will be tasked with mediating implementation details through appeals as opposed to setting policy objectives.