

# TCPA TIMES



## EXECUTIVE DIRECTOR'S UPDATE

Winter Storm ("W.S.") Heather brought long-lasting low temperatures to Texas over the Martin Luther King, Jr. holiday weekend. Despite the conditions, the ERCOT grid performed well. The thermal fleet, in particular, was exceptional in providing about 87% of energy during peak demand periods.

Although the weather conditions were similar to W.S. Elliott, there were about half as many forced outages of the thermal fleet during W.S. Heather - approximately 7,000 MW. Of that total, nearly 4,000 MW were in forced outages prior to W.S. Heather. Roughly 1,700 MW were impacted by gas curtailments and restrictions.

It is clear that the measures implemented recently, such as enhanced weatherization and secondary fuel sources, have left the thermal fleet more resilient. Coordination between industry and state partners was also vital to this success. TCPA sends a special thanks to all of the front-line personnel that contributed to the success of the grid during W.S. Heather!

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Event	Minimum ERCOT Load-Weighted Temperature (Degrees Fahrenheit)	Hours Below Freezing	Days with Load-Weighted Temperature Below Freezing
February 2011 Winter Storm	19.2°	70	2.92
January 2014 Polar Vortex	21.4°	14	0.58
December 2018 Winter Storm	16.9°	28	1.17
Winter Storm Uri	6.3°	219	9.13
Winter Storm Elliott	13.3°	53	2.21
Winter Storm Heather*	15.4° *	81*	3.38*

\*Winter Storm Heather data is preliminary and subject to final verification

(Courtesy of ERCOT Monthly - January 2024)

# ERCOT NEWS

## ERCOT GRID SETS ALL-TIME WINTER PEAK DEMAND

The grid successfully handled multiple all-time winter and January peak demand records, culminating in a new winter peak demand record of 78,138 MW on January 16th. Prior to W.S. Heather, the previous winter peak demand record was 74,525 MW set on December 23, 2023, during W.S. Elliott.

During the new peak record demand on January 19th, thermal generation accounted for 95% of all generation in ERCOT with close to two-thirds of that coming from natural gas generation. Preliminary data also showed that during coldest days, January 15th & 16th, natural gas generation accounted for over 57% of all generation.



## PUBLIC UTILITY COMMISSION (PUC) NEWS

### TCPA WELCOMES THOMAS GLEESON AS PUC CHAIR

On January 19th, Governor Abbott appointed Thomas Gleeson to the PUC for a term set to expire on 9/1/2029. Abbott also named Gleeson as Chair of the PUC.

Gleeson has been the Executive Director of the PUC since December 2020 and has worked at the agency for over 15 years in various roles.

TCPA is excited to welcome Gleeson to his new role and looks forward to continuing to work with him as Chair of the PUC.



(Public Utility Commission photo)



# PUBLIC UTILITY COMMISSION (PUC) NEWS

## CONTINUED

### TEXAS ENERGY FUND (TEF) UPDATES

#### TCPA's Comments on Proposals for Publication (PfP)

On January 5, 2024, TCPA provided comments to PfPs issued by the PUC proposing new rules to implement the TEF [loan](#) and [grant bonus](#) programs found in [SB 2627 \(88R\)](#). Together, these programs seek to accelerate construction of new dispatchable power generation in ERCOT.

Generally, TCPA believes that state funds should be used only for costs that are directly related to energy being offered into the ERCOT wholesale market. Also, the final rules should ensure that loans are not defaulted upon, or bonuses made ineligible for minor deratings or circumstances outside of a generator's control, otherwise the programs are likely to be less effective in encouraging new development.

High-level summaries of the principles found in TCPA's comments can be found in the accompanying graphic, while TCPA's full comments on the loan program can be found [here](#) and the bonus grant program [here](#).

#### TEF Public Hearing

In the interest of progressing the loan program as quickly as possible, TCPA [requested a public hearing](#) to discuss some of the outstanding questions regarding the administration of the program. Consequently, a hearing was held on January 25th during which TCPA members provided suggestions to PUC staff on how to successfully implement the TEF. The topics discussed are summarized below. The hearing can be seen in its entirety [here](#).

## TCPA'S SUGGESTED TEF PRINCIPALS

### STATE FUNDS SHOULD NOT SUBSIDIZE PRIVATE LOAD

The final rule should prioritize projects that add dedicated generation to ERCOT for reliability and avoid subsidizing the electric bills of private customers or industrial users.

### TRANSPARENCY IS PARAMOUNT

The criteria used to score and prioritize applications must be known to all parties to ensure the best projects are selected and that Texans receive the most return on their investment in terms of reliability.

## QUESTIONS FOR PUC STAFF TO CONSIDER

- How should the Commission evaluate PURA's prohibition against providing a loan to an electric facility that will be used primarily to serve an industrial load or PUN?
- How will TEF applications be prioritized if there are insufficient funds to cover all applicants?
- After applying, will there be a way to communicate with the PUC to resolve issues?
- Will there be technical assistance to ensure administratively complete applications?
- Will the PUC use a standardized form or loan agreement for approved borrowers?



## PUBLIC UTILITY COMMISSION (PUC) NEWS

### CONTINUED

### GENERATION INTERCONNECTION ALLOWANCE

On November 30th, the PUC released a [PfP](#) related to the implementation of the generation interconnection allowance enacted in [HB 1500 \(88R\)](#), which seeks to create a reasonable allowance for costs incurred by transmission-owning utilities to interconnect generation resources to the ERCOT transmission system.

In general, TCPA responded by advocating for one allowance for all interconnection voltages. TCPA also suggested several clarifications, such as grandfathering existing interconnection agreements and excluding facility upgrades required to comply with ERCOT Planning Guide requirements. TCPA's filed comments in response to the PfP can be found in their entirety [here](#).

## TCPA'S COMMENT SUMMARY

### ADOPT A SINGLE ALLOWANCE

The PUC should adopt an allowance that pertains to all voltages. Two separate allowances could create an incentive to interconnect at the higher voltage to receive the higher allowance.

After filing comments in response to the PfP, TCPA also filed reply comments in response to the comments of other stakeholders.

Generally, TCPA encouraged the PUC to limit the scope of the rule to the directives of HB 1500 and reject proposals for additional requirements. Additionally, TCPA supported the suggestion made by Oncor to adopt a good cause exception provision as part of the rule. This would allow for a fair allowance in cases where resources can demonstrate it was reasonably necessary, such as a compact, load-intensive service territory.

TCPA's reply comments can be read in their entirety [here](#).

# MEMBER SPOTLIGHT

## CALPINE - INVESTING IN TEXAS' FUTURE



Recently, Calpine hosted Governor Greg Abbott and ERCOT CEO Pablo Vegas to celebrate the company's latest investment in the Texas grid. Calpine CEO Thad Hill announced Calpine will proceed with advanced development and construction of a new power plant in Freestone County. The new 425 MW simple-cycle gas-fired power plant will be built adjacent to Calpine's existing Freestone Energy Center, a 1,063 MW combined-cycle plant. The new facility will be operational before the summer of 2026.

"Texas has experienced tremendous growth over the last several years. With this new economic activity, we also have greater demand for reliable and affordable energy. Meeting those needs is one of our highest priorities at Calpine," said Hill.



Governor Greg Abbott and Calpine CEO Thad Hill.  
(Governor's Office photo).

"The bottom line is Texans need more electrical power," said Governor Abbott. "We have a collective responsibility to make sure that we provide the power and electricity to support our growing state by adding new, reliable power plants like this one from Calpine. ERCOT, PUC and power generators are better prepared this winter than ever before because I signed over a dozen laws to ensure they have the tools and strategies needed to generate more power and make our grid more reliable and resilient."

"This Freestone Energy Center expansion will ensure that reliable power is available in Texas no matter the weather, and I thank Calpine for choosing to expand their Freestone County facility," added Governor Abbott.

In addition to the Freestone project, Calpine was also recently selected by the Department of Energy (DOE) to build a commercial-scale carbon capture and storage (CCS) project that will capture and store approximately two million metric tons of carbon dioxide each year.

The Baytown Energy Center is an existing 896-megawatt natural gas combined heat and power facility that provides steam and power to the adjacent manufacturing facility as well as power to the Texas electric grid. Adding post-combustion carbon capture equipment to this facility will result in low CO<sub>2</sub> steam and power for manufacturing and power for the electric grid. After being captured, the CO<sub>2</sub> will be permanently sequestered.

As part of the development process, Calpine will continue robust efforts to provide local community benefits such as expanding the number of full-time local jobs, enhancing workforce development programs (including opportunities for apprentices), targeting procurement with diverse and small business enterprises, and working with local K-12 schools and Minority-Serving Institutions. These benefits reflect Calpine's long-standing history and commitment to the communities in which Calpine operates.