

# TCPA TIMES



## EXECUTIVE DIRECTOR'S UPDATE

After years of effort, the City of Lubbock has nearly completed their transition to the ERCOT market. Lubbock Power & Light (LP&L) finished connecting their system to the ERCOT grid in December 2023, making it the largest migration of electrical load in state history. Since then, LP&L has been helping customers find their preferred retail electric provider.

On March 4th, LP&L will connect customer meters to their chosen providers and the transition to ERCOT will be complete. This move towards the competitive electric market was driven in large part by residents seeking lower electricity prices and shows that the deregulated, competitive market still has a bright future of providing consumers with reliable, affordable power in ERCOT.

### INSIDE THIS EDITION

[ERCOT News](#) - 2

[PUC News](#) - 4

[Other News](#) - 6



# ERCOT NEWS

## ERCOT MARKET SUMMIT

TCPA was a proud Supporting Organization of the ERCOT Market Summit 2024 held February 13th - 15th in Austin. Hundreds of stakeholders from the ERCOT market participated in a series of panels discussing both the present and future state of ERCOT and energy in Texas.



Shell Energy's Resmi Surendran discusses the role of ancillary services in ERCOT.

TCPA members participated on several panels and discussed topics such as load growth challenges, ancillary service impacts, investor perspectives in ERCOT, demand-side resource development and the potential for new dispatchable generation.

Despite the wide-ranging content discussed, a consistent theme emerged across the panels -- the ERCOT market needs regulatory certainty to attract new investments. As one panelist explained, regulatory certainty lowers risk and therefore eases investment. This sentiment was echoed by stakeholders from all facets of the ERCOT market, including ERCOT's Kenan Ögelman, Vice President of Commercial Operations, who noted regulatory certainty was important not just for driving new investment, but also for retaining existing generation.

Another common theme across the summit's panels was the belief that the Legislature has given ERCOT and the PUC the tools necessary to support growth in the ERCOT market, and with time and patience - not more statutory changes - these tools will yield the new generation and greater reliability that policymakers and Texans want.

An agenda for the summit can be found [here](#).



Brett Kerr of Calpine explains why investors need regulatory certainty.



Luminant's (Vistra) Ned Bonskowski on the energy transition.



Bill Barnes from NRG shares facts about Texas' rapid load growth.



## ERCOT BOARD OF DIRECTORS MEETING

On February 27th, the ERCOT Board of Directors held their monthly meeting. This included an update from ERCOT CEO Pablo Vegas in which he touched on the impressive performance of the thermal fleet during Winter Storm Heather, thanks in large part to winterization efforts and improved coordination with other stakeholders.

Vegas also touched on the need to study and analyze the possible interconnection of DC ties with other grids to ensure that having more ties would be in the best interest of the ERCOT grid and its customers. He voiced concern that the investment may ultimately not be worth it.

First, Vegas noted it would require significant infrastructure investments to fully leverage the ties. Next, the ties would have an impact on pricing in ERCOT. Vegas pointed out that sometimes the ties could help lower prices, but they could increase prices in ERCOT at other times. If prices were higher in the adjacent grids we could see more power being sold into those grids, thereby decreasing supply and increasing prices in ERCOT.


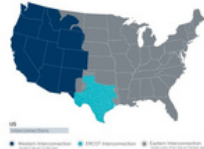
Vegas went on to add that DC ties may not add as much to reliability in ERCOT as some believe because we most commonly need additional power for reliability during weather events. However, as weather events generally impact neighboring regions at the same time as ERCOT it is unlikely that a significant amount of electricity would be available from other grids during these events. That was the case during Winter Storms Uri, Elliott, and Heather.

Lastly, Vegas warned that additional DC ties could have a “chilling effect” on new generation in ERCOT. Instead, generation may locate outside of ERCOT to take advantage of capacity payments from other grid operators and then only sell power into ERCOT when ERCOT prices were high.

**Further Interconnecting ERCOT to Neighboring Grids**

**Key Considerations**

- Transmission Costs
- Economic Costs
- Reliability
- Market Implications



**Key Takeaway:** Further interconnecting the ERCOT grid is a complex issue that will require extensive analysis, modeling, and input from policy makers and regulators.

Item 6  
ERCOT Public

ercot

5

A slide from Vegas' presentation to the Board.

# PUBLIC UTILITY COMMISSION (PUC) NEWS

## TCPA FILES DC TIE COMMENTS

On January 18th, PUC staff issued a list of questions for stakeholders regarding Project No. 55984 - Review of DC Tie Issues in Transmission Planning. Subsequently, TCPA provided comments in response to those questions and advocated for the PUC to ensure that any policy changes do not undermine the overall goal of supporting and increasing dispatchable generation capacity in ERCOT.

To achieve this goal, TCPA suggested that the PUC should continue their previous policies regarding curtailing of DC ties when their import results in congestion of in-ERCOT generation resources and assigning resulting transmission expansion costs directly to the DC ties rather than to ERCOT customers.

Generally, TCPA also requested that the PUC consider the impact the over-reliance on DC ties could have on both prices and reliability in ERCOT. The Legislature has enacted policies to incentivize new generation in ERCOT, but more DC ties could inadvertently undermine these efforts. This would result in more expensive and less reliable energy in ERCOT.

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

## TCPA'S COMMENTS

*THE COMMISSION SHOULD ENSURE THE REVIEW DOES NOT CONFLICT WITH PREVIOUSLY ADOPTED GOALS AND POLICIES*

- Ensure new policies do not undermine the overall goal of supporting and increasing dispatchable generation capacity in ERCOT.
- Continue curtailment of DC ties when necessary to avoid congestion of in-ERCOT resources.
- Maintain consistency with previous Southern Cross Transmission DC tie case.
- Maintain policies consistent with recent legislation seeking to incentivize new generation in ERCOT.

## VOLUNTARY MITIGATION PLAN (VMP) COMMENTS

On January 16th, the PUC released a Proposal for Publication (PfP) related to the implementation of the VMP reforms enacted in HB 1500 (88R). The legislation requires VMPs to be reviewed at least every two years and within 90 days of implementation of a wholesale market design change. A review must include a determination of whether the VMP remains in the public interest and, if not, a VMP must be modified or terminated.

# PUBLIC UTILITY COMMISSION (PUC) NEWS

## CONTINUED

Generally, the proposed rule changes track the legislation, but differ in some key ways. TCPA filed comments addressing those differences.

As proposed, the rule removes the “voluntary” aspect of *voluntary* mitigation plans by requiring a generator to apply to the Commission and await approval before terminating a VMP. The rule should be amended to require notice to the Commission of intent to terminate the VMP along with the effective date of the termination but should not require commission action.

The rule should define “wholesale market design change” to make clear that changes triggering the 90-day review of VMPs must be material, having the substantial likelihood to significantly modify wholesale market commercial operations.

Lastly, the rule should require a market notice be sent notifying the market of the effective date of a market design change that triggers the 90-day VMP review along with the date by which the review must occur.

TCPA’s filed comments in response to the PfP can be found in their entirety [here](#).

## TCPA’S COMMENTS

### *MAINTAIN “VOLUNTARY” NATURE OF VOLUNTARY MITIGATION PLANS*

- Should only require notice of intent and effective date of termination.

### *DEFINE “WHOLESALE MARKET DESIGN CHANGE”*

- Should be defined to clarify that changes triggering VMP review must be material and have a substantial likelihood of significantly modifying the operations.

### *REQUIRE MARKET NOTICE*

- Should require notice to the market of the date a material market design change occurs and the date by which the resulting review must occur.

# PUBLIC UTILITY COMMISSION (PUC) NEWS

## CONTINUED

### VOLUNTARY MITIGATION PLAN (VMP) ADMINISTRATIVE PENALTY COMMENTS

On January 19th, the Commission filed another VMP-related PfP based on the passage of HB 1500. Generally, the PfP adds whether a person complied with a voluntary mitigation plan as a factor for the commission to consider when determining the amount of an administrative penalty and removes redundant language. The PfP can be found [here](#).

TCPA is supportive of this PfP as it provides clarity on the function of the VMP which will assist generators, the Commission and the Independent Market Monitor going forward. TCPA's comments can be found in their entirety [here](#).

## OTHER NEWS

### MEETING WITH WEI WANG OF THE RAILROAD COMMISSION OF TEXAS (RRC)

Earlier this month, TCPA members met with Wei Wang, RRC Executive Director, to discuss issues related to gas and electric industry coordination. This included topics such as firm fuel, weatherization, and gas storage. Wang also gave TCPA members insight into the state of hydrogen in Texas and its potential growth as a fuel source.

TCPA appreciates the opportunity to engage with its partners in the gas industry and looks forward to more conversations on ensuring the reliability of the ERCOT grid.



RRC Executive Director Wei Wang providing insight on gas and fuel issues to TCPA members.