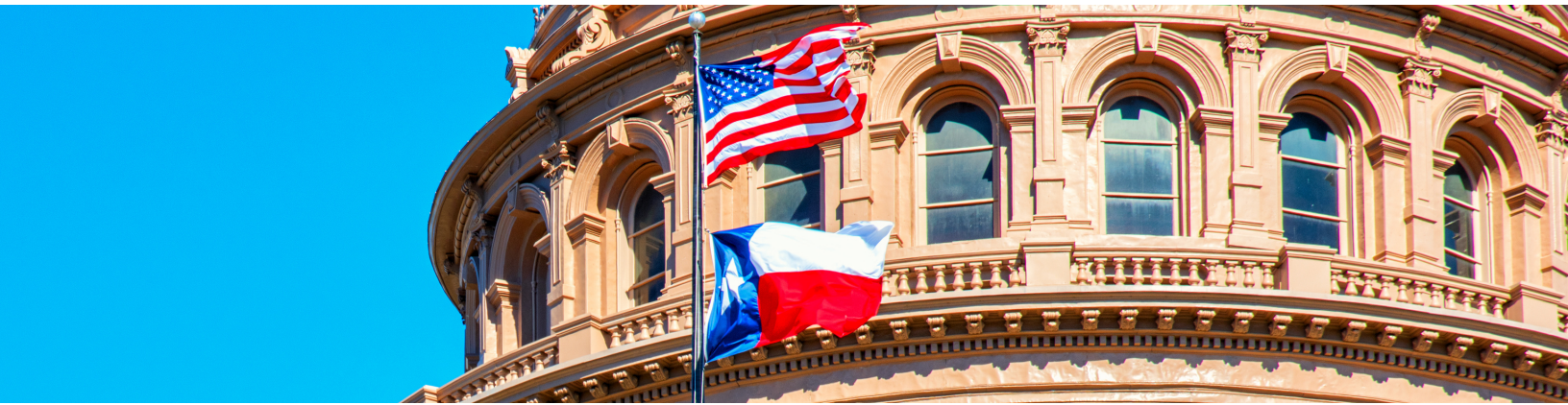


# TCPA TIMES



## EXECUTIVE DIRECTOR'S UPDATE

March continued to be extremely busy as both ERCOT and the PUC work through market redesign and the implementation of new policies passed by the Texas Legislature.

TCPA members have been working very hard to provide feedback and participate in the various workgroups and other ongoing efforts to develop the framework and rules for these various initiatives.

We have been particularly busy with the Texas Energy Fund (TEF) implementation and would like to congratulate the PUC and their staff on the adoption of the In-ERCOT Generation Loan Program rule. This was a very heavy lift in a short amount of time and all involved should be proud of their contributions.

While we will not know for sure until applications are submitted and processed, all indications are that there is immense interest in the TEF. TCPA appreciates the Legislature's commitment to a reliable electric grid and looks forward to a bright future for Texas.

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# ERCOT NEWS

## NODAL PROTOCOL REVISION REQUEST (NPRR) 1216 COMMENTS - IMPLEMENTATION OF EMERGENCY PRICING PROGRAM (EPP)

On January 23rd, ERCOT submitted [NPRR 1216](#) to implement the EPP and Emergency Pricing Cap (ECAP). TCPA members provided comments on the proposal on March 26th identifying an issue relating to the attestation for fuel cost recovery and suggestions several clarifying edits to improve implementation of the EPP and ECAP.

TCPA noted that the language of the NPRR presumes all costs submitted for recovery are related to fuel costs, but the language of PURA 39.160(g) specifically states “(t)he emergency pricing program must allow generators to be reimbursed for reasonable, verifiable operating costs that exceed the emergency cap.” This statutory language clearly indicates the Legislature’s intent to allow for the recovery of costs beyond fuel costs; similarly, while the Commission’s rule limits recovery to only *marginal* costs, it does not limit recovery to only marginal *fuel* costs. and TCPA suggests amending the NPRR language to match both the statutory and rule language.

TCPA’s comments and suggested revisions are summarized below and can be found in their entirety [here](#).

### TCPA’S COMMENTS

- Ensure the attestation refers to the fuel cost portion only of the submission, in accordance with 16 TAC § 25.509.
- Align ECAP initiation with the 15-minute Settle Point Prices to allow for easy monitoring by market participants.
- Clarify ECAP goes into effect at the beginning of the next operating hour to provide market participants with a time-certain.
- Ensures ERCOT’s ability to require fuel purchase contracts only applies to situations where a market participant is seeking cost recovery related to fuel costs.

## ERCOT PREPARES FOR TOTAL SOLAR ECLIPSE

During the March 21st PUC Open Meeting, ERCOT Senior Vice President and Chief Operating Officer Woody Rickerson informed the Commission that ERCOT is prepared for the total solar eclipse that will occur on April 8th.

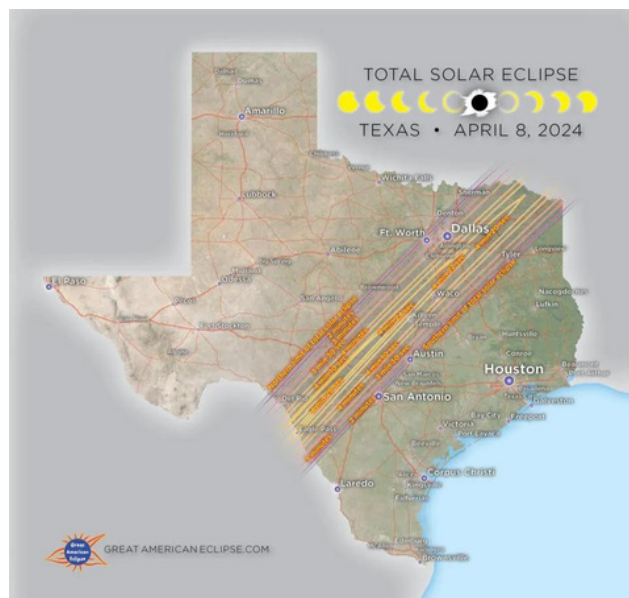
Rickerson explained that solar power generation could go below 8% of its usual maximum clear-sky output during the eclipse.

However, Rickerson expressed confidence that the grid would perform well during the eclipse, much as it did previously during an eclipse on October 14, 2023. Natural gas generation spiked from roughly 12,000 MW to nearly 20,000 MW during the October event and will be prepared to come online again if called upon by ERCOT.

Rickerson also shared that a visualization of the eclipse's impact on solar generation could be found on the Texas A&M Smart Grid Center's website [here](#).



ERCOT has made preparations for the total solar eclipse next month.



The total eclipse path through Texas.  
(courtesy [greatamericaneclipse.com](http://greatamericaneclipse.com))

# PUBLIC UTILITY COMMISSION (PUC) NEWS

## TEXAS ENERGY FUND (TEF) IN-ERCOT GENERATION LOAN PROGRAM RULE ADOPTED

During the March 21st PUC open meeting, the Commission adopted a new rule implementing the TEF In-ERCOT Generation Loan Program. Commission staff proposed an adoption order which was approved by the Commission along with several changes suggested by PUC Chairman Thomas Gleeson regarding the performance standards. This rule followed months of intense work by staff and input from stakeholders.

The TEF was created by SB 2627 (88R) authored by Senator Charles Schwertner and sponsored by Representative Todd Hunter. It was then approved by voters in November 2023. In a [statement released after the rule's adoption](#), Senator Schwertner and Representative Hunter, along with Governor Greg Abbott, praised the PUC for its diligent efforts and shared their collective belief that the TEF will lead to vital new dispatchable generation in ERCOT.

Potential applicants to the In-ERCOT Generation Loan Program may submit an optional Notice of Intent to Apply to the PUC beginning May 1, 2024. As per SB 2627, the PUC will begin accepting applications for the loan program on June 1, 2024, and initial disbursements for approved loans will be issued by December 31, 2025. Several TCPA members have already indicated that they will seek TEF loans and several others are actively monitoring the situation for opportunities to add additional generation.

The proposed adoption order can be found [here](#) and Chairman Gleeson's memo can be found [here](#). Additional information about the TEF can be found on the PUC's website [here](#).



Senator Schwertner and Representative Hunter passed the legislation responsible for the creation of the TEF.

# PUBLIC UTILITY COMMISSION (PUC) NEWS

## CONTINUED

### VALUE OF LOST LOAD (VOLL) STUDY

During the March 21st open meeting, ERCOT staff provided an update on the planned VOLL study. Staff explained that they planned for a “soft launch” of the study on March 26th to roughly 20,000 customers at random in order to gage the response rate to the survey. Also, it will serve as a last test of their systems before the full launch on or about April 9th.

The VOLL study data will be used for several market design purposes, including the development of a reliability standard in ERCOT and to evaluate cost-benefit ratios of infrastructure improvements proposed by transmission and distribution utilities.

In a statement announcing the study, PUC Chairman Thomas Gleeson noted, “The demand for electricity is growing fast and the Public Utility Commission of Texas is focused on ensuring grid reliability for Texas, not just today, but in the decades to come.”

Gleeson added, “As we develop this next stage of reliability policy and consider what infrastructure improvements are necessary to meet growth in demand, it’s critical we hear directly from Texas consumers and understand their individual needs and financial considerations.”

The full PUC statement can be found [here](#). More details regarding the VOLL study be found in the filing [here](#) and the PUC has prepared a FAQ for consumers [here](#).



# PUBLIC UTILITY COMMISSION (PUC) NEWS

CONTINUED

## PERFORMANCE CREDIT MECHANISM (PCM) IMPLEMENTATION

On February 29th, ERCOT filed a memo at the PUC regarding the implementation of the PCM. ERCOT's memo presented a proposed study approach to design the PCM, along with 37 design parameter decisions. The memo also laid out the proposed next steps.

During their March 7th open meeting, the Commission directed PUC staff to review ERCOT's memo and file their initial reaction ahead of the March 21st open meeting.

Commission staff agreed that the 37 design parameters sufficiently captured the set of decision points that must be decided prior to the approval of the final PCM strawman. Staff also identified several potential edits and recommendations. These included calculation of the annual net cost cap, prioritization of specific design elements, non-performance penalties for performance credits, and market power mitigation.

After discussing staff's memo, the Commission agreed with staff's recommendations and requested that the Independent Market Monitor file a recommended set of default mitigation measures and guardrails before the April 11th open meeting.

ERCOT's initial memo can be found [here](#) and the PUC's responding memo can be found [here](#).

Additionally, ERCOT will host a PCM developmental workshop on April 17th. The areas of focus will include:

1. An overview of PCM concepts, including the history of PCM and its overarching mechanics;
2. The key decision points for the PCM design, as laid out in [ERCOT's February 29, 2024](#) filing with the Public Utility Commission of Texas (PUCT) of the PCM Draft Design Parameters Options Memorandum and discussed by the PUCT at the March 21 and April 11, 2024 Open Meetings; and
3. The approach being taken by E3 to analyze PCM and the impact of various key decision points.

More information about the workshop can be found [here](#).