**PUCT PROJECT NO. 55000**

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| **PERFORMANCE CREDIT MECHANISM (PCM)** | **§****§** | **PUBLIC UTILITY COMMISSION****OF TEXAS** |

TEXAS COMPETITIVE POWER ADVOCATES’S RESPONSES TO STAFF’S QUESTIONS REGARDING THE PERFORMANCE CREDIT MECHANISM

Texas Competitive Power Advocates (TCPA)[[1]](#footnote-2) appreciates the opportunity to provide comments in response to Public Utility Commission of Texas (Commission) Staff’s questions regarding certain key design parameters for the Performance Credit Mechanism (PCM).[[2]](#footnote-3) Included as Attachment A to these comments is an Executive Summary of TCPA’s comments.

1. **INTRODUCTION**

The adoption and implementation of the PCM would represent an important milestone in the evolution of the ERCOT market, because it would install a competitive solution for the most important aspect of reliability in the ERCOT region—resource adequacy. The adoption of a required reliability standard, as the Commission is currently pursuing in a separate project,[[3]](#footnote-4) is the first step in achieving resource adequacy. A meaningful and effective reliability standard requires a mechanism to send resource adequacy signals to the market. As such, the second step is to implement a competitive market mechanism, such as the PCM, to ensure that the market will achieve the reliability standard. With the guardrails established by the Texas Legislature and the Commission, the PCM does not replace the ERCOT energy-only market: it provides a durable reliability safety net for times when the energy-only and ancillary services markets do not adequately incentivize dispatchable generation. TCPA would entertain other market-based alternatives if they would achieve the reliability standard efficiently and at reasonable cost to consumers, but no such alternative has been proposed to date.

With that context in mind, TCPA responds to Staff’s questions below and offers the following recommendations on how to design the PCM to best meet the goal of resource adequacy cost effectively.

1. **RESPONSES TO QUESTIONS**

QUESTION 1: Answer the following questions on PCM Design Parameters #1-2, which are related to the PCM Seasons.

a. What should the value be for the number of seasons?

b. Which months should be included in each of those seasons?

c. What specific sensitivities around the PCM seasons should be included in the analysis?

TCPA recommends that the PCM focus on the summer and winter seasons (as those seasons are defined by ERCOT[[4]](#footnote-5)) given the importance of resource adequacy during those periods. Historically, severe grid-wide emergencies in ERCOT have occurred primarily in the summer and winter seasons,[[5]](#footnote-6) and those types of grid emergencies have the greatest impact on consumers and the Texas economy. To ensure availability in the summer and winter seasons, dispatchable generators typically conduct important planned maintenance outages during the spring and fall seasons. Such generators could be harmed financially if the PCM includes those seasons, which effectively would punish them for prudently timing their outages and would be counter to the goal of the PCM to ensure resource adequacy. As such, generators would sensibly add risk premia to their forward PCM offers to account for the non-performance risk of PC Hours occurring coincident with planned outages. However, this simply increases the cost of the PCM with no discernable reliability benefit. In any event, when modeling the varying numbers of seasons, any model should account for changes to generator offers to ensure the sensitivity analysis captures the principal cost variables.

In addition, the ERCOT market design has other mechanisms to manage reliability in the fall and spring seasons such as the ERCOT Contingency Reserve Service (ECRS)[[6]](#footnote-7) and Non-Spinning Reserve Service (NSRS) ancillary services (which enable ERCOT to quickly deploy additional capacity if needed to cover a gap in online supply and demand),[[7]](#footnote-8) the Maximum Daily Resource Planned Outage Capacity (MDRPOC) outage restriction (which enables ERCOT to ensure that planned outages are spaced out among dispatchable resources),[[8]](#footnote-9) the Advanced Action Notice (AAN) process (which ERCOT can use to work with resources to move or even recall planned outages in certain circumstances),[[9]](#footnote-10) and Reliability Unit Commitment (RUC) (which addresses short-term capacity short-falls in particular locations on the grid).[[10]](#footnote-11) TCPA encourages the Commission to err on the side of less administrative complexity, at least initially, by setting the PCM default parameter to two seasons: winter and summer.

Regardless of the number of seasons chosen, the allocation of PCM requirements to each season will require a reasonable and predictable framework. As an example, the Commission could approach this through a duration-weighted expected unserved energy (EUE)-based allocation. This approach would leverage the Commission’s and ERCOT’s work to model the ERCOT system for evaluation of the reliability standard, using modeled consecutive hours of unserved energy in each season to weight the allocation of highest risk hours to each season. Note that this would create some risk of one season being allocated the vast majority (or even all) of the high-risk hours, so the Commission should establish some minimum allocation of high-risk hours to each season if going this route. An additional benefit of this approach is that future evaluations will appropriately capture the change in highest risk hours if the changing grid mix shifts the reliability risk weight across a season.

QUESTION 2: Answer the following questions on PCM Design Parameters #3-4, which are related to the Performance Credit (PC) hours.

a. What should the number of PC hours per season be?

b. How wide of a range on the number of PC hours should be considered for the sensitivity analysis (i.e., the minimum/maximum number of hours per season)?

c. Should all EEA hours automatically be included as PC hours, even if the number of EEA hours exceeds the chosen number of PC hours in a given season?

The number of PC hours per season should be a large enough sampling to fairly assess the performance of a resource without concentrating the hours on a few events with low reserves but small enough to reduce the risk of diluting the effectiveness of the PCM performance signal. TCPA recommends the number of PC hours range between 20 hours per season and up to 50 hours per season, which, as noted above, TCPA recommends should be limited to winter and summer; however, if more seasons are included, the total annual PC hours should range between 50-100 PC hours. The Commission should value consistency in performance throughout those seasons, rather than encouraging performance during only a few limited hours of low reserves. A larger number of PC hours would help ensure continued performance throughout the applicable seasons (i.e., winter and summer) instead of hitting a single big event early in the season and then relaxing performance evaluation during the remainder of the season. Setting the number of PC hours appropriately high should typically result in the PC hours including any Energy Emergency Alert (EEA) hours, and thus, there should be no need to explicitly include them. In the unlikely event that a particular year has more EEA hours than the PC Hours, TCPA does not support creating additional PC hours ex-post to cover those EEA hours and instead supports an ex-ante determination of PC hours for the reasons explained under Question 5. Historically, winter events have had a longer duration than summer events, so TCPA recommends assigning more hours to the winter season relative to the summer to reflect this reality.

Regarding sensitivity analysis, TCPA urges the use of modeling that accounts for and varies generator risk premia (e.g., the expected risk of penalties for non-performance that generators would be likely to reflect in offers in the forward auction) as a function of the total PC hours chosen. Performance risk becomes more concentrated when the number of PC hours are reduced or the time period for measurement is consolidated into a single event so that even generators with historically good starting reliability and availability will need to account for the possibility of non-performance coincident with a handful of PC hours. At the low end of the PC hour range, this risk premia could be quite substantial and increase the cost of PCM without adequately enhancing reliability, which is further support for TCPA’s suggestion above that the total number of PC hours should not be set too low.

QUESTION 3: The base case for PCM Design Parameter #5, which relates to the metric used to determine PC generation by resource, is set to ‘Sum of available generating capacity by resource.’ How should ‘availability’ be defined for the purpose of this design parameter?

The amount of PCs earned by each generation resource should be based on availability during the PC hours. A resource is available when it is either online or offline and available to be brought online (i.e., any current operating plan (COP) status other than OUT). If a resource is available (i.e., not OUT), then its availability should be measured based on the resource’s telemetered High Sustained Limit (HSL). A resource that is available but derated due to a partial outage will telemeter a lower HSL compared to when it is capable of operating at full output. Thus, the real-time telemetered HSL should capture any derates and thus reflect the available capacity that the resource has online or could bring online if needed. A resource that is OUT due to a planned or unplanned outage should not earn any PCs.[[11]](#footnote-12)

QUESTION 4: Under the base case for PCM Design Parameter #6, the PCs that duration-limited generators could earn would be capped during consecutive PC hours by the duration of the generation facility (e.g., a four-hour energy storage resource would only be able to receive PCs for up to four consecutive hours).

a. Should the number of PCs these resources can receive during consecutive PC hours be capped by the duration of the facility? Why or why not?

TCPA agrees conceptually with the base case design parameter, but also proposes a modification, below, that would impose limitations based on the actual (rather than theoretical) performance of duration-limited resources. It is fair to consider duration limitations, i.e., of Energy Storage Resources (ESRs), when determining the amount of PCs earned by the resource, since resources with such limitations provide relatively less reliability than a resource without such limitations. Resources that perform for longer duration during low reserve events with consecutive hours should be credited for the additional reliability they provide compared to resources that are duration limited.

Duration-limited resources’ availability should be calculated as the maximum number of MWs a Resource could deliver throughout the PC hour given its state of charge at the beginning of the hour. For example, a “one-hour battery” capable of 100 MW of output and holding 100 MWh state of charge (SOC) with a 100% SOC would be eligible to be awarded 100 PCs, but the same battery with a 40% SOC would be eligible to be awarded only 40 PCs in that hour. This approach would strike a reasonable balance for PCM Design Parameter #6 by not capping a limited-duration resource’s eligibility to its theoretical maximum output duration, but rather basing its eligibility on its actual availability within the PC hour.

QUESTION 5: PCM Design Parameters #11 (ERCOT-wide PC Requirement Determination Framework), #12 (Net-CONE determination), and #14 (Demand Curve - Seasonal Value Allocation) all currently have optionality where these parameters can be determined on an ex-ante or ex-post basis.

a. For each of these design parameters, should the base case be set to ex-ante or ex-post? Why?

b. If an ex-ante determination is preferred for any of these parameters, are there alternatives that do not require forward-looking load forecasts made by ERCOT?

ERCOT-wide PC Requirement Determination Framework

The PC Requirement Determination Framework must be ex-ante in order to align with the reliability standard. Publishing in advance the PC requirement needed to meet the reliability standard allows market participants to assess the fundamentals of the PC market in future periods and estimate their value. This key feature is what will help drive the bilateral market for PCs and support financing of new generation resources if the PC market is under supplied. In response to subpart (b), it is important to note that the reliability standard, and therefore the ex-ante PC Requirement Determination Framework as well, is not relying on a singular load or generation forecast, but rather a Monte Carlo simulation of thousands of variations – in load, but also in wind/solar output and generator outages. This is more comprehensive than a load forecast.

Net-CONE determination

The final determination of Net-Cost of New Entry (CONE) used in settlement should be ex-post and incorporate actual energy and ancillary service revenues to ensure the PC price is set based on actual revenues earned. The PCM is intended to act as a backstop to the energy and ancillary services markets if they do not provide sufficient revenues to attract enough resources to meet the reliability standard. If energy and ancillary services revenues are high and provide sufficient revenues, then the PCM contribution should be reduced, potentially to zero. This will occur only if an ex-post Net-CONE determination is utilized. An ex-ante Net-CONE value could be calculated using a historical average of energy and ancillary service revenue to estimate the intra-seasonal Net-CONE value and used as a proxy to assist with PC valuation, calculation of collateral requirements, and improve liquidity for forward hedging activities.

Demand Curve – Seasonal Value Allocation

The demand curve should be determined and set in advance (ex-ante) based on a seasonal allocation of the reliability risk. Similar to the PC requirement, this is necessary for market participants to assess the fundamentals of the PC market in advance and estimate their value for bilateral hedging and participation in the forward auction. If the Commission decides to include fall and/or spring in the PCM design, then TCPA recommends the summer and winter seasons be allocated the vast majority of the value when constructing the seasonal demand curves. This would minimize the financial impacts on generators conducting planned maintenance outages during the shoulder seasons and provide better alignment with PC hours.

QUESTION 6: Other than PCM Design Parameters #19-21, which are directly tied to the Annual Net Cost Cap Compliance, identify any other PCM design parameters that are impacted by the statutory cost cap.

The annual net cost cap ultimately will impact PC compensation, but the particular PCM design parameters that would be impacted depend on how the cap is implemented, i.e., if the cap is implemented through the demand curves versus the settlement process.

TCPA’s preference would be to implement the cap by allocating the annual net cost cap amount, once determined, across the seasons in the year through a reduction of the maximum PC price in the ex-ante seasonal demand curves similar to how the annual budget for Emergency Response Service (ERS) is allocated for each contract period.[[12]](#footnote-13) If spring and fall are included in the PCM design, then the maximum PC price for spring and fall should be reduced more than summer and winter to allocate reliability risk appropriately. If the PCM design is limited to winter and summer, as urged by TCPA, then the maximum PC price could be adjusted to allocate the cap between those seasons based on ERCOT’s projection of the relative risk of low operating reserves in those seasons for the given year, similar to the ERS procurement methodology.

An alternative way to implement the annual net cost cap would be through a simple prorated reduction of payments in the settlement process. As indicated, TCPA prefers implementation of the cost cap through an allocation in the seasonal demand curves and recommends the fiscal year of the PCM begin on December 1, aligning it with the start of ERCOT’s winter season, for the purposes of allocating the cost cap among all the PCM seasons. In both cases, the impact of the annual cost cap should be reflected through an associated reduction in the collateral and credit requirements.

QUESTION 7: PCM Design Parameter #20 relates to the framework utilized to comply with the net cost cap. The current base would compare PCM to a modeled energy-only system that is at the Market Equilibrium Reserve Margin (MERM) without PCM.

a. Is this the appropriate counterfactual to compare the PCM against to calculate the net cost of the PCM? If not, provide a recommendation on the best system comparison to calculate the net cost of the PCM in a given year to ensure compliance with the net cost cap of $1B.

ERCOT could model expected revenues from the PCM and the net reduction in energy and ancillary services revenues for a test year three (3) years in the future using the modeling framework being utilized for the reliability standard.

One way this could be done is by utilizing the comparative MERM approach. This methodology for evaluating the net cost cap is consistent with the net cost framework in the original PCM evaluation document.

 The implementation of the new reliability standard and regular assessment of ancillary services will ensure that the Commission has what it needs to evaluate the market’s performance and adjust the existing market levers to create incentives needed to meet the Commission’s reliability objective. The Commission should ensure that market levers are adjusted in a way that retains energy and ancillary services as the main revenue stream in the market to create investment incentives while PCM functions as the safety net mechanism, as intended.

QUESTION 8: PCM Design Parameter #31 relates to the timing of the seasonal PC market settlement. The current base case settles the PC market for all seasons simultaneously at the end of the year. Is the current base case appropriate, or should the PC market be settled at the end of the season for each season? Why?

The seasonal PC markets should settle at the end of each season in order to reduce collateral posting requirements. There is no reason to delay settlement until after all seasons have concluded. The allocation of the annual net cost cap, as explained in responses to Questions 6 and 7, will fix the total settlement amount per season. Therefore, there is no relationship financially for settlement purposes between the seasons, and they can be settled immediately at its conclusion. This will greatly reduce the credit and collateral posting requirement since the total amount of PC charges for the settlement period will be much lower than an annual assessment.

QUESTION 9: Regarding the collateral requirements and timelines (PCM Design Parameters #32-36), what modifications can be made to the other design parameters to effectively reduce the collateral requirement on the Load Serving Entities (LSE)?

As an initial matter, TCPA has a concern about the current definition of the “dynamic max PC price” as proposed by E3 for the collateral calculation. The dynamic max PC price is used to set an LSE’s maximum liability at the beginning of the season and assumes zero energy and ancillary services offset “before the start of the season.”[[13]](#footnote-14) This creates an artificially high liability that market participants would never see in practice. In the alternative, TCPA proposes that the dynamic max PC price be initially set based on an average of historical Net-CONE values for the season and that the initial value be updated periodically throughout the season.

TCPA recommends the Commission consider a design of the PCM that utilizes a daily settlement using estimated payments and charges to market participants based on ex-ante PCM pricing and limiting the credit requirements to the forward 3 weeks of payments and charges. ERCOT’s existing collateral exposure methodology utilizes a 3-week forward extrapolation of recent settlement results for the energy and ancillary services markets.[[14]](#footnote-15) A similar process could be used for the PCM except the settlement and credit posting requirements would be estimated for each operating day of the season until final PC clearing and pricing occurs after the season concludes, which would then true up financially the accumulated daily settlements for the entire season. The credit posting requirements throughout the season would be based on the 3-week net exposure for each market participant.

Another consideration when calculating collateral requirements is that the value of the forward PCs relative to the anticipated value of the ex-post PCs could change collateral obligations. As the value of the ex-post PCs varies compared to the forward PCs, the default risk can shift from LSE to generator. However, the risk is not symmetric since Net-CONE monotonically decreases over the course of the PC season and may drop precipitously within a brief period of time towards the end of the season.

Considering the change in value between the forward PCs and the anticipated ex-post PC value has consequences for both when the collateral should be posted and the amount. Clearly, an LSE clearing PCs in the forward market creates a liability at the moment the auction is cleared, but the value in expectation of those forward PCs is at their face value until evidence suggests otherwise. Starting with this position, it is defensible that no collateral for forward PCs are required until the start of the delivery season. However, at the beginning of the season, an LSE’s obligation may be a combination of the anticipated value of its forward PCs plus its unhedged ex-post position – i.e., the full value of the anticipated ex-post PC value. Despite the likelihood that PC hours may not be distributed evenly throughout the season, TCPA thinks it is prudent for the LSEs to pay a share of their estimated PC costs pro rata throughout the season to avoid large, lump sum payments at the end of the season. Of course, as an LSE makes periodic payments towards its seasonal obligation its collateral requirements would decrease.

QUESTION 10: Provide any additional feedback on the PCM design parameters that the Commission needs to consider.

TCPA recommends the Commission exclude the start-up and HSL testing requirements proposed by E3 as design parameters #17 and #18. Generation Resources eligible for the PCM will have more than enough financial incentives to start-up their resource and operate at HSL during the lowest reserve hours of the year due to strong scarcity prices. If Generation Resources are on outage or cannot reach maximum HSL, their PCM payments will reflect those outcomes. Additional testing requirements for start-up and HSL are unnecessary administrative burdens and impose operating costs on generators while not providing any additional incentives to perform.

TCPA also agrees with the Independent Market Monitor (IMM) that non-performance penalties in the forward auction based on uncleared offers are excessive and not necessary. As noted by the IMM, LSE participation in the forward auction is optional, whereas Generation Resource participation is mandatory, which may lead to many (or potentially even most) PC supply not clearing the forward market—as stated by the IMM, “supply that faced mandatory participation, offered at competitive prices, and did not clear the forward PC market would be subject to the proposed penalty risk through no fault of its own.”[[15]](#footnote-16)

In addition, there is no need to impose non-performance penalties on Generation Resources for cleared PC offers, given the performance incentives that already exist and the concomitant financial consequences of non-performance. The mandatory offering requirement for Generation Resources, which limits the actual amount of PCs they can earn in settlement, provides sufficient incentives for suppliers to make all of their risk-adjusted capacity available in the forward auction. If a resource with cleared PC offers does not perform, they will need to buy back PCs to cover their forward sales, which imposes a financial penalty and requirement to maximize supply of PCs. Additional financial penalties undermine the goals of the PCM by harming dispatchable generation for planned, routine, and unavoidable outages.

In the alternative, if the Commission allows nonperformance penalties in excess of forward market payments, performance should be evaluated at the QSE level and penalties should be levied only by the PUCT DICE and then only in conformance with PURA Chapter 15. An important baseline principle for penalties is that any penalties associated with the PCM are subject to the limits and considerations outlined in PURA § 15.023. While § 39.1594 directs the Commission to ensure that “a penalty structure is established, resulting in a net benefit to load,” the Legislature did not amend the existing limits or considerations for assessed penalties. Therefore, any PCM penalties are subject to the classification system and factors outlined in PURA[[16]](#footnote-17) § 15.023. A static penalty amount that does not consider the specific weight of the factors would not be in compliance with PURA. Furthermore, the Commission has not delegated its penalty authority to ERCOT. ERCOT currently has the power to claw back revenues but does not have the power to levy fines or penalties. Accordingly, ERCOT cannot impose PCM penalties that go beyond the clawing back of revenues.

Additionally, collateral requirements for generators should be commensurate only with the risk that generator default directly imposes on other market participants. PURA § 39.1594 requires collateral to ensure that “other market participants do not bear the risk of nonperformance or nonpayment.” The only direct consequence to other market participants of such generator’s default is in the event the generator needs to buy back PCs at an ex-post price that is greater than the forward auction price. A generator’s liability could be estimated at the beginning of the season by utilizing a historical average of seasonal Net-CONE and updated periodically throughout the season for the purposes of calculating credit requirements.

 Respectfully submitted,

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**ATTACHMENT A: TCPA’s EXECUTIVE SUMMARY – PROJECT 55000**

* The adoption and implementation of the Performance Credit Mechanism (PCM) would represent an important milestone in the evolution of the ERCOT market, because it would install a competitive solution for the most important aspect of reliability in the ERCOT region—resource adequacy.
* TCPA welcomes and would entertain other competitive market solution alternatives to achieve the reliability standard efficiently and at reasonable cost to consumers if other market participants bring such alternatives forward.
* Design Parameters #1-2: The PCM should focus on the summer and winter seasons (as defined in ERCOT Protocols) given the importance of resource adequacy during those periods and to not penalize dispatchable generators for taking prudent maintenance in the fall and spring. ERCOT also has many tools (ECRS, Non-Spin, planned outage scheduling, AAN, RUC) to manage reliability in the shoulder seasons.
* Design Parameters #3-4: The number of Performance Credit (PC) hours per season should be a large enough sampling—e.g., 20 to 50 hours per season (summer and winter) and an annual PC range of 50 to 100 hours, weighted to reflect the potential reliability risk for the different seasons—to fairly assess the performance of a resource and value its consistency in performing without concentrating the hours on a few events with low reserves.
* Design Parameter #5: The amount of PCs earned by each generation resource should be based on availability during the PC hours, with availability defined as having a current operating plan status other than OUT.
* Design Parameter #6: Considering duration limitations (i.e., for Energy Storage Resources) when determining PC awards seems fair, but those limitation should be based on actual state of charge performance and not theoretical performance as proposed in the presented base case.
* Design Parameter #11, 12, and 14: The PC requirement determination framework should be ex-ante to allow market participants to assess the fundamentals of PCs in future years and estimate their value. The net cost-of-new-entry (CONE) determination should be ex-post to take into account actual energy and ancillary services revenues (or at least be trued up if it is estimated ex-ante). The demand curve should be determined ex-ante based on a seasonal allocation of reliability risk.
* Design Parameters #19**-**21: The annual net cost cap ultimately will impact PC compensation, but could be implemented many ways, including through the demand curves or a simple payment reduction during settlement. TCPA prefers allocating the cap throughout the year by reducing the maximum PC price in the ex-ante seasonal demand curves similar to how the budget for Emergency Response Service is allocated for each contract period.
* Design Parameter #20: TCPA prefers a simple and more fixed structure for the annual net cost cap to allow for cost certainty. ERCOT could model expected revenues from the PCM and the net reduction in energy and ancillary services revenues for a test year at least 3 years in the future using the same modeling being used for the reliability standard. One way this could be implemented is through a comparative MERM approach. The Commission should ensure that market levers are adjusted in a way that retains energy and ancillary services as the main revenue stream in the market to create investment incentives while PCM functions as the safety net mechanism, as intended.
* Design Parameter #31: The seasonal PC markets should settle at the end of each season.
* Design Parameter #32-36: To reduce collateral requirements, the PCM could be settled daily using estimated payments and charges based on ex-ante PCM pricing, and credit requirements could be limited to the forward 3 weeks of payments and charges.
* Other: The Commission should exclude the start-up and HSL testing requirements proposed by E3 as design parameters #17 and #18. In addition, non-performance penalties for uncleared and cleared offers are unnecessary as there will be natural incentives to perform and consequences for non-performance.
1. Shell has not joined these comments. [↑](#footnote-ref-2)
2. *Performance Credit Mechanism (PCM)*, Project No. 55000, Staff Memo and Request for Comment (May 16, 2024) (setting a June 20, 2024 deadline for responding to questions). [↑](#footnote-ref-3)
3. *Reliability Standard for the ERCOT Market*, Project No. 54584, Proposal for Publication of New TAC § 25.508 (Jun. 13, 2024). [↑](#footnote-ref-4)
4. Section 2 of the ERCOT Protocols defines the term “season” or “seasonal” to mean a summer season of June, July, and August, and a winter season of December, January, and February. [↑](#footnote-ref-5)
5. For example, the load shed events in 1989, 2011, and 2021 all occurred in the winter season, and ERCOT also experienced energy emergency alert events in the summer of 2021. [↑](#footnote-ref-6)
6. ERCOT Protocols §§ 3.17.4; 8.1.1.2.1.7; 8.1.1.4.4. [↑](#footnote-ref-7)
7. *Id.* §§ 3.17.3; 8.1.1.2.1.3; 8.1.1.4.3. [↑](#footnote-ref-8)
8. *Id.* §§ 3.1.6; 3.1.6.8; 3.1.6.13; 3.1.7; 3.1.7.1. [↑](#footnote-ref-9)
9. *Id.* §§ 3.1.6.9; 6.5.9.3.1.1. [↑](#footnote-ref-10)
10. *Id.* § 5.1 *et seq.* [↑](#footnote-ref-11)
11. This methodology would be consistent with the performance metrics that the Commission recent adopted for the Texas Energy Fund ERCOT loan and completion bonus grant programs. *See* 16 Tex. Admin. Code (TAC) §§ 25.510, 25.511. [↑](#footnote-ref-12)
12. *See* ERCOT, *Emergency Response Service Procurement Methodology*, at 8-9 (Sept. 15, 2023). [↑](#footnote-ref-13)
13. See footnote 29 of ERCOT’s February 2024 Market Initiative Update: Performance Credit Mechanism (PCM). [↑](#footnote-ref-14)
14. *See* ERCOT Protocols § 16.11.4.3. [↑](#footnote-ref-15)
15. Project No. 55000, Letter from Potomac Economics to Commissioners (Apr. 5, 2024). [↑](#footnote-ref-16)
16. Tex. Util. Code §§ 11.001-66.016 (PURA). [↑](#footnote-ref-17)