

# FACT SHEET

## Regulatory & Legislative Oversight

### **LEGISLATIVE MANDATE for ERCOT from the Public Utilities Regulatory Act (SB7), passed by the Texas Legislature in 1999:**

- (1) ensure access to the transmission and distribution systems for all buyers and sellers of electricity on nondiscriminatory terms;
- (2) ensure the reliability and adequacy of the regional electrical network;
- (3) ensure that information relating to a customer's choice of retail electric provider is conveyed in a timely manner to the persons who need that information; and
- (4) ensure that electricity production and delivery are accurately accounted for among the generators and wholesale buyers and sellers in the region.

### **ERCOT'S MULTIPLE ROLES**

- Independent System Operator
  - Real-time Grid Reliability Operations
  - Energy Scheduling
  - Ancillary Services
- Administrator of the deregulated wholesale power market since 1996
- Administrator of the restructured retail electric market since 2001
  - Central "Hub" for Retail Customer Registration and Data Management
- Market Participant Activity Support
  - Development of procedures and standards
  - Stakeholder Processes
- Information Source for Market Data and Public Information
- Market financial settlement agent
- Supervising Entity for Transmission and Resource Planning
- Administrator of the Renewable Energy Credit program for the State of Texas since 2002

*No other entity in any other North American market has been assigned responsibility for this combination of all of these functions*

### **PUBLIC UTILITY COMMISSION OVERSIGHT of ERCOT**

#### **Roles:**

- ERCOT Board and Management – authority to manage the operations and business processes of ERCOT, subject to review by the PUCT
- PUCT – authority over certification as Independent Organization (SB7), governance structure, openness requirements, fees, market monitoring, and appeals of ERCOT actions

## Needs of the Commission

- Information
  - Market monitoring
  - Market performance metrics
  - Financial management (Budget & Fee)
  - Internal controls
- Communication
  - Notification of significant events and conditions
  - Clear channels to appropriate personnel
  - Clear standards on what communication is needed

## Key Elements of PUCT Oversight

### Certification as Independent Organization

- Authority to determine if ERCOT continues to satisfy the requirements of PURA to be certified as an Independent Organization

### Governance

- Authority to approve changes in ERCOT Board governance structure
- Role in selection of unaffiliated Board directors

### Openness

- Requirements for public meetings
- Requirements for providing information

### Fee

- Approval of fee structure and fee levels
- Oversight of spending practices through requiring periodic reports

### Market Monitoring Processes

- Directing ERCOT regarding needs of PUCT market overstaff and consultants
- Providing analysis of unusual events and behavior of market participants

### Hearing Appeals of ERCOT Actions

- ERCOT Protocols and other procedures
- Alternative Dispute Resolutions
- Other ERCOT actions