**Texas Industrial Energy Consumers’ Comments on   
Member Segment for Southern Cross Transmission (SCT)**

As requested, TIEC submits these comments on ERCOT’s proposed revisions to the bylaws to determine which market segment Southern Cross Transmission (SCT) will join. ERCOT submitted a memorandum to TAC recommending that SCT be included either the IOU or the IPM market segments.[[1]](#footnote-1) TIEC believes that Southern Cross should be placed in the IPM segment for the following reasons:

(1) **SCT is not regulated by the PUCT and does not serve a reliability function.** As the only fully regulated market segment, IOUs have a unique role and a unique set of responsibilities. IOUs do not participate in the wholesale market and play almost a pure reliability role, with comprehensive oversight from the PUCT. SCT will generally not be regulated by the PUCT, and will have a financial interest in wholesale transactions flowing into or out of ERCOT. Because of the unique role that IOUs play in ERCOT, TIEC does not believe it is prudent to include an entity with fundamentally dissimilar interests in a fully regulated, reliability-driven market segment.

(2) **SCT cannot have access to the same data as other IOUs, creating unnecessary complications**. As TSPs, the IOU segment has access to information that is not available to competitive market participants. To include SCT in the IOU segment, ERCOT would need to revise the protocols to screen Southern Cross from receiving confidential reliability data (including potential CEII data) that all other members of the IOU segment will receive.[[2]](#footnote-2) During the February 22 TAC meeting, Southern Cross claimed that it could “self-screen” from such information by relying on its FERC standards of conduct (which, notably, do not apply in ERCOT). TIEC does not believe this proposal is workable, nor would it be consistent with how the Protocols address handling confidential data in other situations. Further, including SCT in the IOU segment creates an unnecessary risk of inadvertent disclosure. For example, the IOU segment may need to discuss confidential data to inform their positions as a segment, and having to affirmatively exclude SCT from those discussions creates an unnecessary point of failure.

For these reasons, TIEC believes that SCT is better suited for the IPM segment and should not be included in the IOU segment. TIEC appreciates the opportunity to provide these comments.

1. February 15, 2018, ERCOT Staff Memorandum to the TAC at 1. [↑](#footnote-ref-1)
2. Protocols § 3.10 (1)-(8). As part of ERCOT’s network operations and telemetry, ERCOT shares operational data (including data potentially subject to CEII protection) with TSPs to facilitate their coordination with ERCOT. TIEC is aware that ERCOT is currently processing NPRR 857, but this is an example of the issues that will be implicated by including SCT in the IOU segment. [↑](#footnote-ref-2)