

**Comments of Southern Cross Transmission LLC  
Regarding Proposed Amendments to Segment Definitions in the ERCOT Bylaws**

Southern Cross Transmission LLC (SCT) appreciates the opportunity to comment on proposed amendments to the ERCOT Bylaws to enable a DC Tie Operator which does not meet the existing definition of Investor-Owned Utility to qualify for membership in an ERCOT market segment.

In its February 15, 2018 memorandum to the Technical Advisory Committee (TAC), ERCOT Staff suggested that either the Investor-Owned Utility (IOU) or the Independent Power Marketer (IPM) market segment definitions be amended to allow SCT to qualify for ERCOT corporate membership. SCT supports the IOU option.

1. Like the existing members of the IOU market segment, the primary function of SCT in the ERCOT region will be to own, maintain, and operate a high-voltage transmission facility.
2. Like existing members of the IOU market segment. SCT is investor-owned.
3. Like existing members of the IOU market segment, SCT is a public utility, as that concept is broadly understood. More specifically, as noted in the ERCOT memo, SCT is a “public utility” under the Federal Power Act, whereas the existing members of the IOU market segment are “electric utilities” under the Texas Public Utilities Regulatory Act (PURA). The only reason SCT is not an “electric utility” under PURA (and, therefore, the only reason SCT does not fit within the current IOU market segment definition) is that the only facility it will own and operate in the ERCOT region will not be located within the State of Texas.
4. Following adoption of NPRR 857, which will create the DC Tie Operator market participant type in the Protocols, existing market participants that operate DC Ties will be expected to amend their Standard Form Market Participation Agreements to add the DC Tie Operator functional registration. Those market participants are currently, and will remain, members of the IOU market segment.
5. The distinguishing feature of power marketers is that they buy and sell electricity in the wholesale market. SCT will not buy or sell energy in ERCOT. SCT will not take title to power. SCT will not register as a power marketer with either the Federal Energy Regulatory Commission or the Public Utility Commission of Texas. SCT will simply operate the DC Tie as directed by ERCOT operators to reflect the ERCOT-approved e-Tag schedules of Qualified Scheduling Entities (QSEs). SCT will not be a QSE.

In summary, the IPM option would label SCT something it clearly is not whereas the IOU option would accurately reflect the role of SCT in the ERCOT region and would be consistent with the segment affiliation of all other ERCOT DC Tie Operators.