As requested, Texas Industrial Energy Consumers (TIEC) provides these comments addressing the appropriate resolution of PUC Directive No. 10 from the Southern Cross Transmission (SCT) certificate of convenience and necessity (CCN) proceeding.

TIEC does not believe that further action needs to be taken on “price formation” issues in relation to the SCT Tie capacity. NPRR 768 allows an adjustment to the the Real-Time Reliability Deployment Price Adder (RTRDPA) for the impacts of DC Tie imports during emergency conditions, up to a limit of 1,250 MW.[[1]](#footnote-1) While this MW quantity mirrors the existing DC Tie capacity, stakeholders explicitly discussed and rejected language that would have limited this adjustment to the ***specific*** DC Ties that exist today. As a result, imports over the SCT Tie can also be accounted for through this adjustment, up to 1,250 MW total. With this MW limitation, TIEC was comfortable accepting a price adjustment and allowing SCT to be treated in the same manner as all other DC Ties.

As TIEC noted in discussion on NPRR 768, generators in other power pools should have every incentive to export power into ERCOT during emergency conditions, given that prices should be at or near the System Wide Offer Cap (SWOC) of $9,000/MWh. If this is not occurring, then ERCOT actions to call imports over the ties are not an “out-of-market-action” but correcting for a market failure due to the largely regulated fleets in neighboring power pools and other RTO coordination or “seams” issues that restrict DC Tie transactions. TIEC continues to believe that it is not appropriate to punish ERCOT customers for these types of issues through a price adjustment, but is willing to stand by the compromise embodied in NPRR 768 as long as the 1,250 MW limit remains in place.

**However**, if SCT or other parties insist on removing the 1,250 MW limit, then any price adjustments for imports over the SCT Tie should be separately tracked and the costs allocated back to SCT in accordance with the Commission’s final order in Docket No. 45624.[[2]](#footnote-2) The Commission explicitly stated that “additional costs that may be incurred because of the unique circumstances (including the large size) of' the Southern Cross DC tie may not be properly accounted for and, therefore, are allocated to Southern Cross in this Order.”[[3]](#footnote-3) The Order states even more broadly that:

Because of the failure to demonstrate meaningful benefits to Texas customers and the uncertainty caused by the Southern Cross DC tie, it is in the public interest not to allow ***any additional associated costs*** that may arise because of the Garland line, the Garland substation, the Oncor substation, and the Southern Cross DC tie ***that are specific to the import or export of power over the Southern Cross DC tie*** or that cannot be recovered from end-use customers under the current billing system to be uplifted to ERCOT ratepayers.[[4]](#footnote-4)

Similarly, the Order states “it is reasonable and in the public interest for any additional costs associated with importing power across the Southern Cross DC tie and the Garland line that are not captured in ERCOT's current regulatory scheme to be assigned to Southern Cross.[[5]](#footnote-5)” TIEC is willing to consider NPRR 768 with the existing 1,250 MW cap as part of the “current regulatory scheme” because it was not specific to Southern Cross. But if the protocols are amended to allow a larger adjustment ***specifically*** to include the SCT Tie capacity, then any “price adjustments” would need to be separately tracked and charged to SCT and/or entities transacting over the tie.

In addition, if the 1,250 MW limit is removed, TIEC can no longer accept the limitation in NPRR 768 that prevents price adjustments for ***exports*** over the DC Ties from causing a negative RTRDPA. If it is an out-of-market action for ERCOT to request imports during an emergency, it is likewise an out-of-market action when a neighboring power pool requests exports from ERCOT. If generators will be fully protected from the price impacts of imports during emergencies, with no MW limitation, then customers should likewise be fully protected against any resulting price impacts of exports during emergencies in other power pools—even if it causes a negative RTRDPA. Again, TIEC was willing to accept the restriction on a negative RTRDPA with a 1,250 MW limit. But if that limit is removed, then TIEC believes that customers should be held harmless against any price increase that results from exports out of ERCOT over the DC Ties when adjacent power pools are experiencing an emergency condition.

TIEC appreciates the opportunity to provide these comments.

1. *See* Protocols § 6.5.6.3.1(1). [↑](#footnote-ref-1)
2. *Application of the City of Garland to Amend a Certificate of Public Convenience and Necessity for the Rusk to Panola Double-Circuit 345-kV Transmission Line in Rusk and Panola Counties*, Docket No. 45624, Order on Rehearing (May 23, 2017). [↑](#footnote-ref-2)
3. D. 45625, Order on Rehearing at 11. [↑](#footnote-ref-3)
4. Docket No. 45624, Order on Rehearing at Finding of Fact 113D. [↑](#footnote-ref-4)
5. D. 45624, Order on Rehearing at Finding of Fact 113E. [↑](#footnote-ref-5)