

Exelon Corporation Questions and Comments on ERCOT's July 11, 2018 Switchable Generation (SWGR) Presentation

Exelon supports ERCOT's need and ability to coordinate with neighboring system operators to ensure reliability is maintained in each system. In fact, Exelon has worked with each region when reliability issues arise. Exelon agrees with ERCOT's contention that coordination agreements between ERCOT and its neighboring system operators ensure reliability-based switches are facilitated as reliably and expeditiously as possible. However, Exelon is concerned that under ERCOT's command and control position, make whole payments as structured today will not make SWGRs financially whole if forced to switch to the ERCOT system when those resources have a contractual obligation to supply capacity in the neighboring system. In addition, we are not aware of a mechanism today that waives a SWGR's FERC Enforced Capacity Resource obligations in the neighboring system. To seek clarity on ERCOT's plans with respect to SWGR, Exelon respectfully submits these questions.

Questions:

1. It is our understanding that ERCOT believes it has the ability *today* to RUC a resource operating in a neighboring system that has a capacity obligation in that neighboring system.
 - a. Please cite to specific authority that grants ERCOT the ability to RUC units that are not operating in ERCOT at the time of the RUC?
2. Please describe, in detail, the calculation of the make whole payment SWGRs will receive when switched/RUCed into ERCOT?
3. Does ERCOT agree that the purpose of protocol sections 5.5.2 and 5.7.1 is to make QSEs for Resources that are RUCed whole? Does ERCOT claim that the protocols in fact provide cost recovery for non-SWGRs?
4. Does ERCOT acknowledge that, to the extent obligations of a RUCed unit in another RTO are unfulfilled, the protocols as currently drafted do not provide full cost recovery?
5. If a SWGR operating in MISO is RUCed into ERCOT – how long will the resource be expected to continue to operate in ERCOT?
 - a. After MISO releases the unit to ERCOT and then MISO needs the unit back, who has the authority to commit/recall/RUC the unit, MISO or ERCOT?
 - b. Does/will a waiver exist for the SWGR's Day Ahead must offer obligation in MISO? Where does the waiver come from? MISO, IMM, FERC?
 - c. If the resource, that has a MISO must offer obligation, does not offer into MISO's Day Ahead market, has ERCOT asked MISO and MISO's IMM, or received indication from MISO, FERC or the IMM, whether the MISO and its IMM will deem this to be withholding, subject to FERC enforcement?
6. Does ERCOT believe other regions, such as MISO, have the authority consistent with PURA, PUC Rule, and NERC Reliability Standards to remove a unit from ERCOT that is registered to meet ERCOT's system needs?
7. ERCOT mentioned EOP-011-1 as support that ERCOT may RUC Off-Line Generation Resource. Does ERCOT interpret EOP-011-1 as referring to a physical unit(s) status?

- a. In the scenario in which all physical units are online but some operating in the neighboring system, does ERCOT believe it can RUC those units operating in the neighboring system?