

## **Tenaska, Inc.’s Comments on ERCOT’s Proposed Coordination Plans with Southwest Power Pool, Inc. and Midcontinent Independent System Operator, Inc.**

Tenaska, Inc. (“Tenaska”) appreciates the opportunity to submit comments regarding ERCOT’s revised coordination plans with Southwest Power Pool, Inc. (“SPP”) and Midcontinent Independent System Operator, Inc. (“MISO”) (collectively, the “Coordination Plans”).

### **Overview**

Tenaska owns three switchable generation resources (“SWGRs”) that are capable of dispatching into ERCOT and SPP or MISO. It submits these comments to clarify its understanding regarding how the Coordination Plans change the dispatch of SWGRs during “Emergency Conditions,” which are broadly defined as an existing or anticipated transmission or capacity-related “operating condition that poses a threat to the reliability of all or a portion of the Party’s system, as determined by that Party.”<sup>1</sup> It also submits these comments to identify questions raised by the Coordination Plans. Tenaska requests that ERCOT, MISO, and SPP consider these questions as they move forward with revisions to the Coordination Plans.

### **Changes to the Coordination Plans**

ERCOT and MISO currently coordinate day ahead and real time operations of SWGRs pursuant to the “Tenaska Frontier Operating Guide,” entered into on October 3, 2013. ERCOT and SPP currently coordinate day ahead and real time operations of SWGRs pursuant to the Coordination Agreement, executed on February 28, 2014. Once executed, the Coordination Plans will replace the existing agreements.

Tenaska understands the revised Coordination Plans to change the dispatch of SWGRs in three key ways:

1. **Operator Recall Rights**—During Emergency Conditions, a grid operator (e.g., ERCOT) can order a SWGR to disconnect and switch grids, if the other reliability coordinator (e.g., SPP or MISO) determines release of the SWGR will not cause or exacerbate an Emergency Condition on its grid. SWGR operators no longer have discretion to voluntarily respond to a grid switch request.<sup>2</sup>
2. **Multiple System Operators; One “Primary Party” Operator**—Notwithstanding the above, each SWGR will be designated an operator that is its “Primary Party.” The Primary Party has a superior right to recall the SWGR to its grid during Emergency Conditions, even if doing so will cause firm load shed in the other grid. The Coordination Plans provide that, “when some or all of a SWGR’s capacity has been nominated by the SWGR owner or operator to satisfy supply adequacy or capacity planning requirements” in a region, the grid for whose purposes the capacity has been “nominated” is the Primary Party.<sup>3</sup> The Coordination Plans provide no definition of

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<sup>1</sup> Coordination Plans, Sec. 1.4.2.1.

<sup>2</sup> See, e.g., Issuance of Bulletin No. 850 on May 31, 2018, which edited ERCOT’s Operating Procedure Manual for Shift Supervisor Desk to remove the statement: “it is up to the QSE as to whether they want to switch.”

<sup>3</sup> Coordination Plans, Sec. 1.4.2.7.

the word “nominate.” However, it appears that, if a SWGR has a capacity contract in MISO or SPP, MISO or SPP is the designated Primary Party.<sup>4</sup> Conversely, if the SWGRs do not have a resource adequacy contract in the other grids and their capacity is in ERCOT’s Capacity, Demand and Reserves (“CDR”) report, the Reliability Coordinators designate ERCOT as the Primary Party. For example, according to the Sec. 1.4.2.7 Primary Party designation on Exhibit B to the Coordination Plans, ERCOT can order all of the capacity from the Kiowa and Gateway plants and a majority of the capacity from the Frontier plant to return to ERCOT during Emergency Conditions, even if doing so will cause load shed in SPP or MISO.<sup>5</sup>

3. Regulatory, Compliance, Financial Obligations of SWGR Owners and Operators—The Coordination Plans state: “[r]elease shall not be construed to alter or waive any regulatory, compliance, or financial obligation or responsibility of any party, including SWGR owners and operators.” Thus, once the Coordination Plans are executed, the Reliability Coordinators may order a grid switch without settlement protocols in place that provide SWGR owners and operators compensation for the costs of recall.

### **Questions Raised by the Coordination Plans**

Tenaska submits that the Coordination Plans raise the following questions to be considered by ERCOT, MISO and SPP.

1. Are the Coordination Plans consistent with Sections 210, 211 and 212 of the Federal Power Act and the Federal Energy Regulatory Commission (“FERC”) order directing interconnection and transmission services for the Kiowa plant to ERCOT, which stated that regional planners “may need to take into account the fact that when relative economic conditions warrant, and subject to any contractual limitations, Kiowa may remove its capacity from one grid in order to sell into the other”?<sup>6</sup>
2. Is the definition of Emergency Conditions broader than necessary? Should it be limited to actual system emergencies that are capacity-related?
3. Do expansive conditions under which SWGRs can be recalled unnecessarily increase the risk of out-of-market instructions and uplift costs to market participants?
4. Is having multiple system operators and one “Primary Operator” consistent with North American Electric Reliability Corporation (“NERC”) Reliability Standards?<sup>7</sup>

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<sup>4</sup> See Exhibit B to the ERCOT-MISO Coordination Plan designating MISO as the Primary Party for the Tenaska Frontier Station.

<sup>5</sup> See Exhibit B of the Coordination Plans designating ERCOT as the Primary Party for Kiowa, Gateway and the majority of the Frontier plant.

<sup>6</sup> *Kiowa Partners, LLC*, 99 FERC ¶ 61,251 (2002).

<sup>7</sup> See NERC Reliability Standard IRO-001-4 (“Each ... Generator Operator ... shall comply with its Reliability Coordinator’s Operating Instructions unless compliance with Operating Instructions cannot be physically implemented or unless such actions would violate safety, equipment, regulatory, or statutory requirements.”. See

5. Does a SWGR's notice under ERCOT Protocol 16.5.4 "nominate" SWGR capacity to MISO or SPP? Conversely, does the absence of a notice under ERCOT Protocol 16.5.4 create a "nomination" of ERCOT as the Primary Party?
6. Are there any situations in which a SWGR will not have a Primary or Secondary Party operator?
7. Should the Reliability Coordinators implement settlement protocols that fully compensate SWGR owners and operators for the costs of an order to switch grids?<sup>8</sup> If so, what is the appropriate timing to implement such protocols?

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Tenaska appreciates the opportunity to work with the Reliability Coordinators, regulators and stakeholders on matters related to these Coordination Plans.

Very truly yours,

*s/ Todd Jonas*

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*also* NERC Standard IRO-001-1, R3 ("The Reliability Coordinator shall have clear decision-making authority to act and to direct actions to be taken by ... Generator Operators ... **within its Reliability Coordinator Area** to preserve the reliability and integrity of the Bulk Electric System.") (emphasis added).

<sup>8</sup> Settlement of SWGRs instructed to switch to ERCOT is currently pending in ERCOT Nodal Protocol Revision Request ("NPRR") 912.