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APPEAL OF CITIES OF BARTLETT, §
BRIDGEPORT, FARMERSVILLE, §
GOLDSMITH, HEARNE, ROBSTOWN, §
SANGER, AND SEYMOUR §
REGARDING A REVISION TO §
ERCOT'S DEFINITION OF §
TRANSMISSION OPERATOR §

PUBLIC UTILITY COMMISSION
OF TEXAS


ORDER REQUESTING INFORMATION AND BRIEFING

This Order requests briefing related to the appeal by the Small Public Power Group of Texas, comprised of the municipally owned utilities of the cities of Bartlett, Bridgeport, Farmersville, Goldsmith, Hearne, Robstown, Sanger, and Seymour (collectively, Cities), of the April 10, 2018 decision of the Electric Reliability Council of Texas (ERCOT) to reject their request to revise the nodal operating guide definition of transmission operator (TO).

ERCOT's nodal operating guide requires every transmission service provider (TSP) or distribution service provider (DSP) in the ERCOT region to either register as a TO or designate a TO as its representative with the authority to act on its behalf.¹ TOs are responsible for communicating with ERCOT during emergency events; managing load-shed activities during energy-emergency alert events; annual training on system emergencies; and installing and maintaining under-frequency-load-shed equipment and specialized communication equipment, among other things. If a DSP fails to designate a TO, then it cannot participate in ERCOT's mandatory load-shed activities that are designed to maintain reliability of the transmission grid. Further, to account for any DSP that does not designate a TO, ERCOT is required to proportionately increase the potential load-shed obligation to other DSPs that are complying with the obligation.

The Cities are DSPs that are not in compliance with the TO requirement. However, the Cities assert that they are unable to procure the services of a designated TO at a reasonable price after being turned down by their existing TSP for the service. Instead, the Cities sought adoption

¹ See Nodal Operating Guide § 1.4, *Definitions*.


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of nodal operating guide revision request (NOGRR) 149 to exclude themselves and other DSPs with an annual peak load of 25 megawatts (MW) or less from ERCOT's TO requirement.² The Cities reason that without NOGRR 149 they face a disproportionate economic burden and undue discrimination against critical loads of their small municipally owned utilities. On May 14, 2018, after the ERCOT Board denied their revision request, the Cities' timely filed an appeal under 16 Texas Administrative Code (TAC) § 22.251(d). The parties to this appeal are Cities, Commission Staff, ERCOT, Oncor Electric Delivery Company LLC, and AEP Texas, Inc.

On June 27, 2019, the Commission referred this matter to SOAH and requested lists of issues for a preliminary order to be issued in this docket. On August 8, 2019, after considering this matter at open meeting, the Commission requested that the SOAH administrative law judge (ALJ) return this proceeding to the Commission ALJ for processing. On August 13, 2019, the SOAH ALJ remanded this proceeding to the Commission. The Commission concludes that there are factual and policy issues that should be addressed so that the Commission can develop a statement of policy, precedent, or position relevant to this proceeding.

Fact Questions

The Cities must, and ERCOT and any interested TSP or other party with knowledge of the relevant facts may, file responses to the following questions of fact:

1. Answer the following questions for each City.
 - a. Can the City comply with load-shedding requirements? If not, why not?
 - b. What actions would the City need to take to register as a TO? In answering this question, please specify all infrastructure, equipment, control systems, software, and processes that would need to be changed or enhanced to allow the City to function as a TO. For each item specified, please state the cost and the time needed to make the changes.
 - c. Has the City taken any action to implement infrastructure, equipment, control system, software, or other processes that would need to be changed or enhanced to allow the City to function as a TO? If so, what is the status?

² Appeal of the Small Public Group of Texas Regarding ERCOT's Definition of Transmission Operator (May 14, 2018).

- d. Has the City explored transfer of ownership of electric infrastructure assets with a load-shedding TSP that would resolve its noncompliance with the ERCOT nodal operating guide requirement to maintain a TO? If so, what is the status?
- e. How many feeders does the City maintain?
 - i. What substations are the feeders connected to?
 - ii. Who owns the substations and does the City have access to the substations?
- f. Who supplies the power for the City?
- g. Who is the TSP for the City?
- h. Did the City ask its TSP to serve as the City's TO? If not, why not? If so, what was the stated reason the City's TSP refused to be the designated TO? In answering this last question, please identify each stated condition or objection upon which the TSP refused to be the City's TO.
- i. If the TSP the City asked to serve as its TO offered to do so for a fee, what was the price range including any fixed costs, one-time upgrade cost, and annual or recurring costs?
- j. Did the City communicate with any other TSPs about being the City's designated TO? If not, why not? If so, who were the designated TOs the City communicated with and why did each designated TO refuse to be the City's designated TO?
 - i. In answering this last question, please identify each condition or objections that caused the TSP to refuse to be the City's TO.
 - ii. In addition, please identify any interconnection points or other infrastructure that would have to be constructed to allow another TSP to be the City's designated TO? How much would those facilities cost? Who would be responsible for paying for those costs?
- k. Did any of the TSPs that the City communicated with, other than its own TSPs, about being the City's designated TO offer to do so for a fee? If so, what was the quoted price range including any fixed costs, one-time upgrade cost, and annual or recurring costs?
- l. For each feeder that serves critical load:

- i. Are any critical loads required by their governing statutes or regulations to maintain their own emergency source of electrical supply (e.g., 40 TAC § 19.361)?
 - ii. Do any critical loads not have back-up power? If so, what would it cost for that critical load to obtain back-up power?
 - m. What are the City's gross and net annual revenues from providing electric service?
2. Does any TSP provide designated TO service at no additional charge to any of its customers?
3. Should there be an option to pay another entity to assume each City's load-shedding requirements? What is the fair and reasonable cost for such a service?
4. How many DSPs in ERCOT are not also TSPs? How many of these DSPs have a designated TO? How many are registered as a TO?
5. Can a TSP refuse to be designated as a TO? If so, why should a TSP be allowed to refuse to be designated as a TO?
6. What liability is a TSP exposed to if designated as a TO?
7. How many DSPs in ERCOT have a load equal to or less than 25 MW?
8. How did Cities conclude that a load equal to or less than 25 MW should be established as the threshold requirement in the nodal operating guide definition requiring DSPs to maintain a TO?
9. Who are the 53 DSPs that could be exempt under this proposal?
 - a. How many MWs of load do the 53 DSPs serve in aggregate?
 - b. What are the reliability implications if the 53 DSPs' load is exempt from providing their load ratio share of the load-shed obligation during an ERCOT emergency event?
 - c. How many of the 53 DSPs currently have registered as or designated a TO?
 - d. How many of the 53 DSPs are receiving TO services at no additional charge?
10. How many DSPs have a load equal to or less than 30 MW, 40 MW, and 50 MW?

Policy Questions

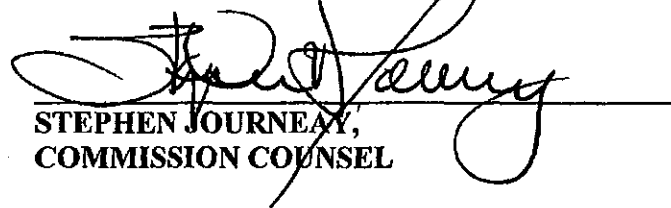
Any interested party may file a brief addressing the following legal and policy questions:

11. Why should a load equal to or less than 25 MW be the optimal cut-off point to exempt compliance with load shedding? If a load equal to or less than 25 MW is not the optimal cut-off point, what is the right cut-off point?
12. Is critical load excused from the load-shedding requirements under the ERCOT nodal protocols? If not, should it be excused and under what conditions?
13. Should some or all critical loads be required to have back-up power? What criteria should be used to determine which critical loads should have back-up power?
14. Would the location of any of the Cities create local reliability problems if exempted from load shedding?
15. What are the reliability implications, if any, of having loads equal to or less than 25 MW exempt from compliance with load-shedding requirements? Would a different MW lower limit cut-off point eliminate any reliability concerns?
16. Are there any other considerations of the parties not addressed by the issues above that address the allowance or disallowance of an exemption to the existing requirements of the operating guides regarding load shedding?
17. Did the ERCOT Board of Directors' decision to deny the Cities' appeal of NOGRR 149 violate any applicable laws, orders, rules, protocols, and procedures within the Commission's jurisdiction? If so, should the Commission grant the Cities any relief in the form of corrective action by ERCOT as allowed by 16 TAC § 22.251(o)?
18. Did the ERCOT Board of Directors rejection of NOGRR 149 unlawfully discriminate against the Cities?
19. Would creating an exemption for DSPs with loads equal to or less than 25 MW violate 16 TAC § 25.200(a)?

Replies to factual questions and briefs on policy issues are due on **August 30, 2019**.

SIGNED AT AUSTIN, TEXAS the 14th day of August, 2019.

PUBLIC UTILITY COMMISSION OF TEXAS



STEPHEN JOURNEAY,
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