

February 14, 2021

The Honorable David G. Huizenga
Acting Secretary of Energy
United States Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585-1000

Re: Request for Emergency Order Under Section 202(c) of the Federal Power Act

Dear Acting Secretary Huizenga:

Pursuant to Section 202(c) of the Federal Power Act (“FPA”)¹ and part 205, subpart W, of the regulations of the Department of Energy (“DOE”),² Electric Reliability Council of Texas, Inc. (“ERCOT”) respectfully requests that the Secretary of Energy (“Secretary”) find that an electric reliability emergency exists within the State of Texas that requires intervention by the Secretary, in the form of a Section 202(c) emergency order, to preserve the reliability of the bulk electric power system. ERCOT respectfully requests that the Secretary issue an order immediately, effective February 14, 2021, authorizing all electric generating units located within the ERCOT interconnection to operate up to their maximum generation output levels under the limited circumstances described in this letter, notwithstanding air quality or other permit limitations.

In accordance with 10 CFR § 205.391(a), ERCOT requests that such order be entered today, February 14, 2021, and remain effective through Friday, February 19, 2021. This duration will ensure additional supply is available during a period in which ERCOT may continue to experience unprecedented cold weather that has forced generation out of service.

Background

ERCOT is in the beginning stages of an unprecedented cold weather event brought on by a rare, southward excursion of the jet stream into the South Central United States. Temperatures for Sunday and Monday in many parts of Texas are forecasted to drop well below the lowest temperatures experienced in several decades, and abnormally low temperatures are expected to persist for several more days. This weather event will impact the entire ERCOT region and is expected to result in record winter electricity demand that will exceed even ERCOT’s most extreme seasonal load forecasts. ERCOT’s meteorologist has issued a weather report warning that “this period will go down in Texas weather history as one of the most extreme events to ever

¹ 16 U.S.C § 824a(c).

² 10 C.F.R. Part 205, Subpart W.

impact the state.”³ These unusually low temperatures, coupled with forecasts of heavy snowfall and freezing rain, are also expected to have a negative impact on the availability of the generation supply in the ERCOT region. In order to maintain the reliability of the broader electric system, ERCOT believes that it may need to initiate rotating outages of as much as 4,000 MW on Sunday, Monday, and Tuesday, and perhaps even later in the week.

ERCOT continues to work with affected utilities and generators to secure adequate supply to meet expected energy and reserve requirements. ERCOT and affected utilities are also encouraging maximum conservation measures by electricity customers. This morning, ERCOT issued a system-wide conservation notice addressing the expected system emergency and describing steps that homeowners and businesses can take to reduce system demand. ERCOT has also worked with state agencies to take measures that maximize generation availability in Texas. On Friday, the Railroad Commission of Texas adopted an emergency order increasing the priority of gas supplies to ERCOT generators. Additionally, the Texas Commission on Environmental Quality has indicated that it will provide enforcement discretion to generators in the ERCOT region that may exceed state emissions requirements during emergency conditions. However, these measures may not prove sufficient to avoid curtailments.

Relief Requested

ERCOT has been notified by three major generation owners that their generating units will, or are likely to, encounter operating restrictions during the next several days due to various emissions and other limits established in federal permits. These units are described in Exhibit A to this letter. These units are subject to a number of environmental limitations that may restrict output. ERCOT has been informed that the operation of gas-fired generators during the next few days could be impacted by permit restrictions on nitrogen oxide and carbon monoxide emissions, that coal-fired generators would be impacted by permit restrictions on emissions of sulfur dioxide, nitrogen oxide, mercury, and carbon monoxide, and that generation fueled by distillate fuel oil would be subject to various restrictions on operating duration and/or emissions. ERCOT has also been informed that generators of various fuel types may be subject to wastewater release limits. ERCOT is also aware that many other generators not included on this list are subject to similar federal permit limits.

Because the output from all of the generators subject to these restrictions would help mitigate the impact of rotating outages on Texas consumers during this extreme cold weather event, ERCOT seeks an immediate order from DOE authorizing the provision of additional energy from all generating units subject to emissions or other permit limitations. For clarity, this request is not limited to those generating units identified in Exhibit A. This allowance would apply only under the following limited circumstances:

- For any Generation Resource or Settlement Only Generator whose operator notifies ERCOT that the unit is unable, or expected to be unable, to produce at its maximum output due to an emissions or other limit in any federal environmental permit at any point before

³ <http://www.ercot.com/about/weather> (updated Feb. 12, 2021).

the end of the day on Friday, February 19, 2021, the unit will be allowed to exceed any such limit only during any period for which ERCOT has declared an Energy Emergency Alert (EEA) Level 2.⁴ This incremental amount of restricted capacity would be offered at a price no lower than \$1,500/MWh. Once ERCOT declares that the EEA Level 2 event has ended, the unit would be required to immediately return to operation within its permitted limits. And at all other times, the unit would be required to operate within its permitted limits.

- For any Generation Resource whose operator notifies ERCOT that the unit is offline or would need to go offline at any point before the end of the day on Friday, February 19, 2021, due to an emissions limit in any federal environmental permit, ERCOT may issue a Reliability Unit Commitment (RUC) instruction directing the unit operator to bring the unit online, or to keep the unit online, and to operate at the minimum level at which the Resource can be sustainably operated. If, at any time, operating the unit above this level would exceed any permitted limit, then the unit would be restricted to operate at that minimum level or the maximum output allowable under the permitted limit, whichever is higher, except during a declared EEA Level 2 event, in which case the unit operator would be allowed to make all of the unit's capacity available to ERCOT for dispatch. This incremental amount of restricted capacity would be offered at a price no lower than \$1,500/MWh. Once ERCOT declares that such an EEA Level 2 event has ended, the unit would be required to immediately return to operating at a level below the higher of its minimum operating level or the maximum output allowable under the permitted limit.

ERCOT does not lightly request this authorization. It understands the importance of the environmental permit limits that are at issue. However, in ERCOT's judgment, the loss of power to homes and local businesses in the areas affected by curtailments presents a far greater risk to public health and safety than the temporary exceedances of those permit limits that would be allowed under the requested order. Authorizing resources in the ERCOT interconnection to operate notwithstanding permit and other limitations will help mitigate shortages to meet expected energy and reserve requirements.

This request is narrowly tailored to allow only the exceedances that are necessary to ensure reliability over the next few days. Limiting the requested allowance to situations involving an EEA Level 2 will ensure that the generation capacity subject to emissions limits and other permit restrictions will be the last generation that is made available for dispatch to meet system demand, thus minimizing any environmental impact to the greatest degree possible. Upon declaring an EEA Level 2, ERCOT will deploy Emergency Response Service (ERS), a demand response

⁴ ERCOT's issuance of an Energy Emergency Alert (EEA) is the final step ERCOT takes to avoid rotating outages and grid collapse. See ERCOT Protocols § 6.5.9.4.2. There are three EEA levels that correspond to progressively lower system frequencies or progressively lower levels of frequency-responsive reserves, known as Physical Responsive Capacity (PRC). ERCOT must declare an EEA Level 1 when PRC falls below 2,300 MW and is not projected to be recovered above 2,300 MW within 30 minutes. ERCOT may declare an EEA Level 2 when system frequency falls below 59.91 Hz for 15 consecutive minutes or when PRC falls below 1,750 MW and is not projected to be recovered above 1,750 MW within 30 minutes. ERCOT may declare an EEA Level 3 when system frequency falls below 59.91 Hz for 20 consecutive minutes and *must* declare an EEA Level 3 when PRC cannot be maintained above 1,430 MW or when system frequency falls below 59.91 Hz for 25 consecutive minutes.

service available only during an EEA. This ERS capacity will not be economically dispatched—once the ERS capacity is deployed, it will offset the need for additional generation to the extent of the demand reduction. This will reduce the need for ERCOT to rely on emissions-restricted generation during an EEA Level 2 situation. Indeed, the only other resources that would be available to ERCOT after ERS is deployed are Load Resources on under-frequency relays, which must remain undeployed as long as possible to ensure sufficient frequency response in the event of one or more unit trips. While reserving the deployment of this permit-restricted capacity to EEA Level 2 should be sufficient to de-prioritize the dispatch of this generation, ERCOT would also require these Resources, as a condition for the requested allowance, to price this incremental capacity no lower than \$1,500/MWh—the current RUC offer floor—which will provide a separate mechanism to help ensure this capacity is deployed only when absolutely necessary.

Upon issuance of the requested order, ERCOT would issue a market notice to all ERCOT market participants describing the conditions of this allowance. The notice would require that any market participant that finds it necessary to utilize this allowance must notify ERCOT in advance of doing so, so that ERCOT operators are aware the capacity is potentially available during an EEA Level 2. This notification requirement would apply to all generators, including those identified on Exhibit A. ERCOT commits to providing daily notice to DOE of each of those generating units that has been designated to use this allowance. ERCOT is also prepared to provide any additional information DOE may request. ERCOT commits to respond to any requests for additional information on an expedited basis. ERCOT is also willing to coordinate the documentation of exceedances of National Ambient Air Quality Standards (NAAQS) under the Clean Air Act during this time period and produce this information to DOE.

ERCOT greatly appreciates DOE's expedited consideration of this request. Please do not hesitate to contact the undersigned if you have any questions or require additional information in order to act on this request.

Respectfully,

/s/ Bill Magness

Bill Magness
President and Chief Executive Officer
bill.magness@ercot.com
512-248-6538

cc: Patricia A. Hoffmann, Acting Assistant Secretary, Office of Electricity, DOE

Exhibit A
Units Identified as Likely to Encounter Permit Limitations

Unit name	UNIT_CODE	Fuel Type	County	Winter Net Max Sustainable Rating	Winter Net Min Sustainable Rating
Coletto Unit 1	COLETO_COLETOG1	Subbituminous Coal	GOLIAD	655	200
Decordova CT 1	DCSES_CT10	Natural Gas	HOOD	88	60
Decordova CT 2	DCSES_CT20	Natural Gas	HOOD	87	60
Decordova CT 3	DCSES_CT30	Natural Gas	HOOD	86	60
Decordova CT 4	DCSES_CT40	Natural Gas	HOOD	86	60
Ennis Power Unit 1	ETCCS_CC1	Natural Gas	ELLIS	361	70
Forney Unit 1	FRNYPP_CC1	Natural Gas	KAUFMAN	980	90
Forney Unit 2	FRNYPP_CC2	Natural Gas	KAUFMAN	980	90
Graham Unit 1	GRSES_UNIT1	Natural Gas	YOUNG	234	46
Graham Unit 2	GRSES_UNIT2	Natural Gas	YOUNG	390	26
Hays Unit 1	HAYSEN_HAYSENG1	Natural Gas	HAYS	239	150
Hays Unit 2	HAYSEN_HAYSENG2	Natural Gas	HAYS	240	150
Hays Unit 3	HAYSEN_HAYSENG3	Natural Gas	HAYS	242	150
Hays Unit 4	HAYSEN_HAYSENG4	Natural Gas	HAYS	243	150
Lake Hubbard Unit 1	LHSES_UNIT1	Natural Gas	DALLAS	392	56
Lake Hubbard Unit 2	LHSES_UNIT2A	Natural Gas	DALLAS	523	40
Lamar Unit 1	LPCCS_CC1	Natural Gas	LAMAR	568	90
Lamar Unit 2	LPCCS_CC2	Natural Gas	LAMAR	568	90
Martin Lake Unit 1	MLSES_UNIT1	Lignite	RUSK	815	220
Martin Lake Unit 2	MLSES_UNIT2	Lignite	RUSK	820	220
Martin Lake Unit 3	MLSES_UNIT3	Lignite	RUSK	820	230
Midlothian Unit 1	MDANP_CT1	Natural Gas	ELLIS	258	110
Midlothian Unit 2	MDANP_CT2	Natural Gas	ELLIS	256	110
Midlothian Unit 3	MDANP_CT3	Natural Gas	ELLIS	255	110
Midlothian Unit 4	MDANP_CT4	Natural Gas	ELLIS	258	110
Midlothian Unit 5	MDANP_CT5	Natural Gas	ELLIS	276	110
Midlothian Unit 6	MDANP_CT6	Natural Gas	ELLIS	278	110
Morgan Creek CT 1	MGSES_CT1	Natural Gas	MITCHELL	82	30
Morgan Creek CT 2	MGSES_CT2	Natural Gas	MITCHELL	80	30
Morgan Creek CT 3	MGSES_CT3	Natural Gas	MITCHELL	80	30
Morgan Creek CT 4	MGSES_CT4	Natural Gas	MITCHELL	81	30
Morgan Creek CT 5	MGSES_CT5	Natural Gas	MITCHELL	80	30
Morgan Creek CT 6	MGSES_CT6	Natural Gas	MITCHELL	82	30
Oak Grove Unit 1	OGSES_UNIT1A	Lignite	ROBERTSON	855	348
Oak Grove Unit 2	OGSES_UNIT2	Lignite	ROBERTSON	855	455
Odessa Unit 1	ECEC_G1	Natural Gas	ECTOR	170.4	81.54
Odessa Unit 2	ECEC_G2	Natural Gas	ECTOR	170.4	81.54
Permian Basin CT 1	PB2SES_CT1	Natural Gas	WARD	79	41
Permian Basin CT 2	PB2SES_CT2	Natural Gas	WARD	76	41
Permian Basin CT 3	PB2SES_CT3	Natural Gas	WARD	78	41
Permian Basin CT 4	PB2SES_CT4	Natural Gas	WARD	75	41
Permian Basin CT 5	PB2SES_CT5	Natural Gas	WARD	79	41
Stryker Creek Unit 1	SCSES_UNIT1A	Natural Gas	CHEROKEE	167	55
Stryker Creek Unit 2	SCSES_UNIT2	Natural Gas	CHEROKEE	502	35
Trinidad Unit 6	TRSES_UNIT6	Natural Gas	HENDERSON	235	70
Wise County Power Unit 1	WCPP_CC1	Natural Gas	WISE	825.6	85
East Water Plant	CL_EWP_30UNITS	Distillate Fuel Oil	HARRIS	15	0
Lynchburg Pump Station	LH_LYN_30UNITS	Distillate Fuel Oil	HARRIS	15	0
Northeast Water Plant	DSN_NEWP_10UNITS	Distillate Fuel Oil	HARRIS	5	0
Southeast Water Plant	SOE_SEWP_10UNITS	Distillate Fuel Oil	HARRIS	5	0
Clear Lake City WWTP	PHR_CLCWA_5UNITS	Distillate Fuel Oil	HARRIS	2.5	0
W A Parish 5	WAP_WAP_G5	Bituminous Coal	FORT BEND	664	156
W A Parish 6	WAP_WAP_G6	Bituminous Coal	FORT BEND	663	158
W A Parish 7	WAP_WAP_G7	Bituminous Coal	FORT BEND	577	158

Exhibit A
Units Identified as Likely to Encounter Permit Limitations

W A Parish 8	WAP_WAP_G8	Bituminous Coal	FORT BEND	610	153
W A Parish 1	WAP_WAP_G1	Natural Gas	FORT BEND	169	27
W A Parish 2	WAP_WAP_G2	Natural Gas	FORT BEND	169	27
W A Parish 3	WAP_WAP_G3	Natural Gas	FORT BEND	258	54
W A Parish 4	WAP_WAP_G4	Natural Gas	FORT BEND	552	92
Limestone 1	LEG_LEG_G1	Lignite	LIMESTONE	824	258
Limestone 2	LEG_LEG_G2	Lignite	LIMESTONE	836	258
Cedar Bayou Unit 1	CBY_CBY_G1	Natural Gas	CHAMBERS	745	85
Cedar Bayou Unit 2	CBY_CBY_G2	Natural Gas	CHAMBERS	749	88
Cedar Bayou Unit 4	CBY4_CC1	Natural Gas	CHAMBERS	532	112
Greens Bayou CTG 73	GBY_GBYGT73	Natural Gas	HARRIS	65	30
Greens Bayou CTG 74	GBY_GBYGT74	Natural Gas	HARRIS	65	30
Greens Bayou CTG 81	GBY_GBYGT81	Natural Gas	HARRIS	65	30
Greens Bayou CTG 82	GBY_GBYGT82	Natural Gas	HARRIS	50	30
Greens Bayou CTG 83	GBY_GBYGT83	Natural Gas	HARRIS	65	30
Greens Bayou CTG 84	GBY_GBYGT84	Natural Gas	HARRIS	65	30
TH Wharton CTG 1	THW_THWGT_1	Natural Gas	HARRIS	16	5
TH Wharton CTG 31	THW_THWGT31	Natural Gas	HARRIS	69	50
TH Wharton CTG 32	THW_THWGT32	Natural Gas	HARRIS	69	50
TH Wharton CTG 33	THW_THWGT33	Natural Gas	HARRIS	69	50
TH Wharton CTG 34	THW_THWGT34	Natural Gas	HARRIS	69	50
TH Wharton CTG 41	THW_THWGT41	Natural Gas	HARRIS	69	50
TH Wharton CTG 42	THW_THWGT42	Natural Gas	HARRIS	69	50
TH Wharton CTG 43	THW_THWGT43	Natural Gas	HARRIS	69	50
TH Wharton CTG 44	THW_THWGT44	Natural Gas	HARRIS	69	50
TH Wharton CTG 51	THW_THWGT51	Natural Gas	HARRIS	65	61
TH Wharton CTG 52	THW_THWGT52	Natural Gas	HARRIS	65	61
TH Wharton CTG 53	THW_THWGT53	Natural Gas	HARRIS	65	61
TH Wharton CTG 54	THW_THWGT54	Natural Gas	HARRIS	65	61
TH Wharton CTG 55	THW_THWGT55	Natural Gas	HARRIS	65	61
TH Wharton CTG 56	THW_THWGT56	Natural Gas	HARRIS	65	61
San Jacinto CTG 1	SJS_SJS_G1	Natural Gas	HARRIS	87	58
San Jacinto CTG 2	SJS_SJS_G2	Natural Gas	HARRIS	87	58
Bosque Energy Center Block 1	BOSQUESW_CC1	Natural Gas	BOSQUE	253.75	120.7
Bosque Energy Center Block 2	BOSQUESW_CC2	Natural Gas	BOSQUE	567.59	110.03
Freestone Energy Center Block 2	FREC_CC1	Natural Gas	FREESTONE	501.25	130.37
Freestone Energy Center Block 1	FREC_CC2	Natural Gas	FREESTONE	501.89	125.3
Guadalupe Energy Center Block 1	GUADG_CC1	Natural Gas	GUADALUPE	516	92
Baytown Energy Center	BTE_CC1	Natural Gas	CHAMBERS	650.61	1
Channel Energy Center	CHE_CC1	Natural Gas	HARRIS	693	1
Deer Park Energy Center	DDPEC_CC1	Natural Gas	HARRIS	1316	319.4
Pasadena Power Plant II	MIN_RNPCOGEN	Blast-Furnace Gas	HARRIS	12.3	0
Jack A. Fusco Energy Center	BVE_CC1	Natural Gas	FORT BEND	606	148
Texas City Power Plant	TXCTY_CC1	Natural Gas	GALVESTON	438.63	60.55
Corpus Christi Energy Center	CCEC_CC1	Natural Gas	NUECES	422	6
Hidalgo Energy Center	DUKE_CC1	Natural Gas	HIDALGO	475	141
Magic Valley Generation Station	NEDIN_CC1	Natural Gas	HIDALGO	695.01	203.78