

March 2, 2021

TAC Chair Clif Lange
TAC Vice-Chair Eric Blakey
ERCOT Technical Advisory Committee

VIA EMAIL

Re: ERCOT Initial Priorities for February 2021 Extreme Winter Weather Event Issues

Dear TAC Chair Lange and TAC Vice-Chair Blakey:

The February 15-19, 2021 winter storms had a devastating impact on millions of Texans. I know you and members of ERCOT's Technical Advisory Committee (TAC) share ERCOT's commitment to prevent this kind of event from ever occurring again. While many questions remain to be answered, and accountabilities established, ERCOT believes it is important to immediately analyze the issues and make changes to improve the performance of the electric system if we experience another extreme event.

The TAC and its subcommittees have always provided the stakeholder expertise that fosters progress in the ERCOT market. I know TAC members and ERCOT staff are committed to identifying the electric industry's issues during the winter storm tragedy, advancing solutions to identified problems, and providing the timely information needed by the Legislature and Public Utility Commission as they consider legal and policy reforms. Before TAC meets on March 5, 2021, ERCOT would like to present our initial list of priority topics that ought to be addressed, whether through data analysis, discussion of technical options, or market rule changes. I am sure TAC members are assembling their ideas as well, and we look forward to working with you to develop joint priorities for short- and long-term work plans.

This priorities list is a starting point for the work ahead, and is by no means meant to be exhaustive. Moreover, this list is intended to cover items that ERCOT and TAC can advance through our stakeholder and Protocols processes. We know there are concurrent efforts at the Legislature and Commission in response to the winter storm events, and we must defer to those efforts, and also prepare to implement directions provided on these or other issues.

ERCOT's initial priority list includes these eight items:

1. Coordinate with Transmission Operators to understand the practical and operational limitations of Transmission Operators and related Distribution Service Providers to facilitate rotating Load shed practices when faced with an extreme magnitude of firm Load shed instructions. The extraordinary amount of Load shed, which resulted in outages that could not rotate from one area to another, was an extremely difficult issue during February 15-19. Upon feedback, consider adjusting operational practices between ERCOT and Transmission Operators to achieve effective rotating Load shed objectives. This objective will likely require industry-wide commitment to develop solutions, but after what occurred here, that effort must begin immediately.
2. Work with applicable government and private entities to improve ERCOT emergency public safety communications (*e.g.*, AMBER Alert and TxDOT digital highway signs) for anticipated and actual

Energy Emergency Alert (EEA) events, including Load shed in the ERCOT Region. Incorporate public safety communications strategy into all communication channels such as traditional news media, the ERCOT website, and social media platforms.

3. Increase coordination through the Texas Energy Reliability Council (TERC) and ERCOT's Gas Electric Working Group (GEWG) to identify critical gas facilities for Transmission and/or Distribution Service Providers to avoid disconnection during EEA events.
4. Expand Extreme Peak Load/Extreme Generation Outage scenario analysis in the Seasonal Assessment of Resource Adequacy (SARA) and other resource adequacy reporting for the ERCOT Region. Analyze a greater range of potential risks for extreme weather events and their impacts on the ERCOT grid.
5. Explore overall reporting and timing requirement changes to the ERCOT Outage Scheduler to ensure more specific, complete, and accurate information for Forced Outages of Resources during Real-Time operational conditions. Make appropriate system changes to the ERCOT Outage Scheduler to achieve enhanced situational awareness objective.
6. Ensure accurate exchange of Resource telemetry information related to Physical Responsive Capability (available operating reserves in real time) to enhance situational awareness during EEA events.
7. Expand registration and Real-Time data requirements for all types of resources beyond current modeling requirements (*e.g.*, distribution-level resources) to enhance situational awareness for planning and operational purposes.
8. Comprehensive evaluation of Settlement and Creditworthiness requirements and ERCOT discretion practices during the Event. Consider changes such as: Settlement at Counter-Party level versus Qualified Scheduling Entity level, use of Unsecured Credit and certain Financial Security (*e.g.*, surety bond and guarantees), and creation of Counter-Party financial dashboard.

Again, these priorities are an initial set, and we expect to add to them over the coming weeks. We look forward to working with TAC, TAC Subcommittees, and all stakeholders on this important matter.

Please feel free to contact me if you have any questions or wish to discuss this matter further.

Sincerely,



Bill Magness
President and Chief Executive Officer

Cc: Public Utility Commission of Texas
ERCOT Board of Directors
TAC Segment Representatives