

NOTICE DATE: October 8, 2021

NOTICE TYPE: M-B100821-01 Legal

SHORT DESCRIPTION: Resolution of ADR Proceedings between ERCOT and Tenaska Power Services Co. (2021-TPS-01)

INTENDED AUDIENCE: ERCOT Market Participants

DAYS AFFECTED: Year 2020

LONG DESCRIPTION: Upon ERCOT's determination of the disposition of an Alternative Dispute Resolution (ADR) proceeding, ERCOT Protocol Section 20.9 requires ERCOT to issue a Market Notice providing a brief description of the relevant facts, a list of the parties involved in the dispute, and ERCOT's disposition of the proceeding and reasoning in support thereof.

Parties: ERCOT and Tenaska Power Services Co. (TPS)

Relevant Facts:

In December 2019, a TPS customer (Opt-Out Customer) filed a written notification to the Public Utility Commission of Texas (PUCT) to opt out of participation in the mandatory goal for renewable energy for the 2020 Compliance Period of the Renewable Portfolio Standard (RPS) and notified ERCOT of the opt-out. ERCOT Protocol Section 14.5.2(2) requires ERCOT to "...adjust the Load data to ensure that any Load (MWh) covered by the notice... is removed." However, ERCOT identified that the Opt-Out Customer was designated by its Transmission and/or Distribution Service Provider (TDSP) as a distribution-level customer, and therefore ineligible to opt out. In April 2020, the TDSP changed the Opt-Out Customer's designation to a transmission-level customer, but only after ERCOT had determined that the Opt-Out Customer was a distribution-level Customer. The Opt-Out Customer's Load remained in TPS's allocation for the 2020 Compliance Period.

In January 2021, ERCOT posted the RPS calculation for the 2020 Compliance Period. In February 2021, TPS notified ERCOT that TPS's RPS requirement for the 2020 Compliance Period included the Opt-Out Customer. ERCOT confirmed that the Opt-Out Customer's Electronic Service Identifiers (ESI IDs) had been included for the 2020 Compliance Period and reset them to January 1, 2020, as "opted-out" for the 2020 Compliance Period. ERCOT then notified TPS that the Opt-Out Customer's ESI IDs would be removed when ERCOT re-ran the final 2020 Load prior to calculating 2021 RPS mandate. On March 31, 2021, TPS submitted a retirement request for the Renewable Energy Credits (RECs) associated with the Opt-Out Customer's Load pursuant to ERCOT Protocol Section 14.10, and ERCOT retired the RECs.

Relief Requested:

TPS asserts that ERCOT failed to remove its Opt-out Customer from the 2020 Compliance Period of the RPS in violation of Public Utility Regulatory Act (PURA) § 39.904(m-1), 16 TAC § 25.173(j)(1), and ERCOT Protocol Section 14.5.2(2). TPS claims it would not have purchased RECs for the Opt-Out Customer's Load had ERCOT properly removed the Load from the 2020 Compliance Period when initially processed.

TPS asserts it should be made whole for the RECs it was required to purchase for the Opt-Out Customer's Load.

ERCOT's Disposition/Reasoning:

Pursuant to ERCOT Protocol Section 20.1(1), a Market Participant may seek relief through the ADR process by making a claim that "ERCOT has violated or misinterpreted any law," including an ERCOT Protocol. ERCOT has determined that it failed to remove the Opt-Out Customer's Load from the 2020 RPS requirement as required by statute, PUC rule and ERCOT Protocol Section 14.5.2(2), and is granting relief to TPS as follows:

ERCOT will reduce the REC obligations assigned to the two (2) Retail Electric Providers (REPs) affiliated with TPS for the 2021 Compliance Period by adjusting their 2020 retail sales by a total amount equal to the 2020 retail sales associated with the Opt-Out Customer's Load. This reduced RPS allocation to the REPs affiliated with TPS, through the prior year adjustment, will result in an increased RPS allocation to other REPs based on their share of retail sales compared to the total retail sales. While the final 2021 RPS reduction for TPS, and the impact to the RPS for other REPs is unknown due to variables in the RPS calculation, this process likely results in RPS adjustments that resemble what would have occurred in the 2020 RPS calculations had the Opt-Out Customer's Load been recognized as opted-out for the 2020 Compliance Period.

This Market Notice serves to conclude the ADR proceedings between ERCOT and TPS.

ADDITIONAL INFORMATION:

CONTACT: If you have any questions, please contact your ERCOT Account Manager. You may also call the general ERCOT Client Services phone number at (512) 248-3900 or contact ERCOT Client Services via email at ClientServices@ercot.com.

If you are receiving email from a public ERCOT distribution list that you no longer wish to receive, please follow this link to unsubscribe from this list: <http://lists.ercot.com>.