

TEXAS COMPETITIVE POWER ADVOCATES (TCPA) ON FFSS QUALIFICATIONS

DECEMBER 9, 2022

Texas Competitive Power Advocates (TCPA) appreciates the opportunity to provide comments on the proposed qualifications for providing firm fuel service in ERCOT. TCPA is comprised of twelve member companies, ten of which are competitive generators in the ERCOT market. TCPA’s generation companies provide over 54,000 MW of generation capacity, nearly half of the generation fleet and eighty-two percent (82%) of the natural gas generation in ERCOT. Importantly, more than three quarters of our members’ natural gas plants are connected to intrastate pipelines only.

TCPA supports the inclusion of resources with firm gas storage and firm transportation delivery contracts as an appropriate expansion of the FFSS. The natural gas curtailment prioritization rule recently adopted by the Texas Railroad Commission (RRC) elevated a substantial spectrum of entities such as water and wastewater treatment plants, dialysis centers, and nursing homes to be included in the definition of human needs, putting them in the highest priority tier. Previously these entities were not included in that definition of human needs used in the emergency order adopted by RRC on February 12, 2021 which elevated the priority for gas generation to directly after human needs. The result of the new rule adopted is to effectively lower the priority of gas generation resources by adding new entities to the human needs category, but declining to include gas power plants in the definition of human needs, thereby elevating the priority for gas delivery of those entities above the delivery of gas to power plants. With the FFSS Qualifying Pipeline requirement as proposed, gas power plants can not be served by pipelines that also serve human needs customers. It is unclear to TCPA whether this qualification would necessitate a revision of the curtailment rule at the RRC to allow power plants to be eligible or if the inclusion could be addressed in contracts between the entities providing gas transportation and delivery to the generation resource. For without a change in the gas curtailment rule, or contractual evaluation of priority, it appears most generation resources would fail to qualify for this FFSS product if it is connected to an intrastate pipeline that also have firm obligations to human needs customers.

Furthermore, with the lack of transparency about firm shippers on a pipeline, TCPA is unclear how ERCOT will verify the pipeline serving resources are not serving any human needs customers. A generator would not be able to certify such information and would be dependent on the pipeline with which it is contracted to affirm the veracity of the information. As such, TCPA recommends clarity surrounding the verification process and enforcement of that provision to ensure the generation is held harmless regarding confirmation of information for which it does not have any first-hand knowledge.

ERCOT’s recognition of the importance of transparency of information on the pipeline and the lack of meaningful data surrounding the force majeure of firm contracts is critical. TCPA would add that in the gas transportation context, curtailment is just as, if not more important than, force majeure, because when gas deliveries to generators (and other shippers) are reduced or cut, the pipeline may not necessarily declare force majeure and instead may do so through declaration of an operating flow order (or “OFO”). Therefore, ERCOT should consider incorporating rules for non-force majeure curtailments in its framework. It is unclear whether intrastate pipelines and entities providing contracts to gas generation resources will agree to the contract provisions required by ERCOT. It is TCPA’s hope that these entities will cooperate with gas generators to incorporate these requirements into their contracts; without these changes, the vast majority of gas generation resources in ERCOT will likely not qualify to provide this service. It is likely that the Legislature may need to make statutory changes to facilitate these changes should the pipelines and other entities serving generation resources fail to make the required changes. TCPA has been advocating for such changes to ensure that firm contracts are truly firm, and members welcome the support of ERCOT and the PUC in that endeavor.

Finally, TCPA requests clarification regarding the eligibility of delivered products to provide FFSS. Some entities purchase delivered bundled service in which the gas commodity and transportation of fuel are provided for firm service in one contract, and others purchase firm gas transport and firm gas commodity when the bundled option is not available. These contracts should provide the assurance of fuel delivery and should be considered for qualification.

TCPA appreciates the attention to detail ERCOT has provided in the proposed qualifications and looks forward to participating in stakeholder discussion at the scheduled workshop.

Respectfully submitted,

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