



Control Number: 51812



Item Number: 38

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51812

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2021 FEB 22 PM 4:17

PUBLIC UTILITY COMMISSION  
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§ BEFORE THE  
OVERSIGHT OF THE ELECTRIC §  
§ PUBLIC UTILITY COMMISSION  
RELIABILITY COUNCIL OF TEXAS §  
§ OF TEXAS

**COALITION OF CONCERNED CUSTOMERS' COMMENTS IN SUPPORT  
OF TEAM'S EMERGENCY REQUEST TO ENFORCE COMMISSION ORDER  
AND LOWER PRICES**

On February 19, 2021, the Texas Energy Association for Marketers ("TEAM") filed a request that the Public Utility Commission of Texas ("Commission") enforce its February 16 Order<sup>1</sup> and instruct ERCOT to remove the administrative price adders that set prices to \$9,000/MWh effective from the time ERCOT withdrew the firm load shed instruction at 1:05 am on Thursday, February 18. The Coalition of Concerned Customers<sup>2</sup> support TEAM's request, which (as discussed below) will significantly reduce the substantial impact of this extreme event

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<sup>1</sup> The Commission originally issued an order after close of business on February 15, 2021 ("February 15 Order"), setting prices at \$9,000/MWh whenever firm load shed on the grid was directed by ERCOT. That Order originally imposed the pricing change effective for all of Monday, February 15. On Tuesday, February 16, 2021, the Commission revised its February 15 Order and made its instruction prospective only (i.e., starting Monday evening) (the "February 16 Order"). Prices stayed at \$9,000/MWh from 10 PM on Monday, February 15 until 9 AM on Friday morning.

<sup>2</sup> The Coalition of Concerned Customers is an ad hoc group of commercial and industrial customers that joined together in its desire to promptly voice support for TEAM's request, and includes the following companies: BPR OP, LP; City of Baytown; City of Rosenberg; Creative Specialty Foods Inc.; Crownmark Imports (Crown Mark, Inc); United Minerals and Properties, Inc. dba Cimbar Performance Minerals Inc.; City of Round Rock; Chisos Logistics; Kyocera Document Solutions America, Inc.; Arandas Bakery (Arandas Franchises representing 25 locations); Harbor Freight Tools USA, Inc.; Lincoln Rackhouse; Best Press Inc.; Leslies Poolmart, Inc.; NET Power, LLC; Stratas Foods LLC; Alamo Crossing, LLC; B & B Theatres Operating Co., Inc.; IKO Southwest Inc.; KRM 505 Sam Houston LLC; KRM 525 Sam Houston LLC; McCoy Corporation; NW Crossings Management LLC; Overwraps Packaging, Inc.; Rojan, Inc.; SanMar Corporation; Suffolk Business Solutions; VRE Properties LLC; Webster Surgical Specialty Hospital, LTD; Bixby Enterprises; Explorer Pipeline Company; G&H Diversified Manufacturing; RS 4606 FM 1960 LLC; Blue Line Distribution; Redoak Drive LLC; Cryoport Systems; Data Foundry; and Huhtamaki, Inc

on small businesses in Texas, which already have weathered a storm of operational and other challenges this year because of the pandemic. Just by enforcing the plain terms of its Order, the Commission can mitigate the economic impact of this devastating storm by hundreds of millions of dollars on small commercial and industrial customers (including intrastate pipelines) that are not just the backbone of the Texas economy, but also served a critical role during the weather event.<sup>3</sup> While we understand that the Commission's motive in setting prices at this level was to help Texans, ERCOT's interpretation of the February 16 Order – by keeping prices at the cap even when ERCOT had ample capacity on the system – had the unintended consequence of ultimately harming the very interests that the Commission was trying to help.

The impact of the \$9,000/MWh prices will be disproportionately felt by commercial and industrial customers, which often seek to mitigate their energy cost through the use of indexed rate structures. It bears note that even if TEAM's request were granted, it would still leave \$9,000/MWh prices in place for over three days. Frankly, such prices could never have been anticipated by even the most astute student of the ERCOT market rules. There were 90 hours spent near the \$9,000 cap in Real Time in February of 2021. For context, in the ten-year history of the nodal market there were only 16 hours spent near the cap in RT before this: 3 hours in 2019 and 13 hours in 2011 (the cap was \$3,000 in 2011).

The Coalition of Concerned Customers is fully aligned with the Commission's desire to help Texans. One of the most direct ways in which the Commission could do so is simply to enforce its February 16 Order during the 32 hours in which administrative adders were imposed after the firm load shed instruction was lifted. The removal of these adders consistent with the

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<sup>3</sup> Moreover, the Commission can correct this problem and significantly alleviate the impact on customers with no impact on the State's treasury, just by enforcing the Order.

February 16 Order and when there was no actual supply scarcity would reduce prices by approximately 90% (from approximately \$9,000/MWh to approximately \$740/MWh) during those hours and reduce the economic impact of this crisis significantly for commercial and industrial customers.

Consider the following representative examples:

1. An agricultural company with approximately 0.5 MW of load in a month. Its January bill was \$5,000 (at an average energy and ancillary rate of ~\$20/MWh). That same 0.5 MW of load would receive a bill for more than \$470,000 in February. Just focusing on the 32 hours that are the subject of TEAM's request, normal load service during those hours would cost approximately \$125,000 (energy + ancillary services + reliability uplifts). However, if TEAM's request were granted, the bill for those hours would be reduced to approximately \$25,000 (energy + ancillary services + reliability uplifts).
2. A manufacturing facility with approximately 1.7 MWs of load in a month. Its January bill was approximately \$19,000. That same 1.7 MW of load in February would cost nearly \$1,680,000. Again, just focusing on the 32 hours that are the subject of TEAM's request, normal load service during those hours would cost approximately \$450,000 (energy + ancillary services + reliability uplifts). If TEAM's request were granted, the bill for those hours would be reduced to approximately \$90,000 (energy + ancillary services + reliability uplifts).
3. A large church, with approximately 700 kW of load in a month. Its January bill was approximately \$6,000. That same 700 kW of load in February would cost nearly \$540,805. Again, just focusing on the 32 hours that are the subject of TEAM's request, normal load service during those hours would cost approximately \$150,000 (energy +

ancillary services + reliability uplifts). If TEAM's request were granted, the bill for those hours would be reduced to approximately \$30,000 (energy + ancillary services + reliability uplifts).

In sum, even if TEAM's request is granted, the bills from the 32 hours impacted by the request would still be equal to five times the entire bill from January. *That is, even if TEAM's request is granted, in less than a day and a half, the agricultural company, manufacturer, and church would be paying five times the entire amount they spent on the entire month of January's service. If TEAM's request is denied and the Commission chooses not to enforce its February 16 Order, the cost for less than a day and a half of service will be approximately 24 times higher than the bill for the entire month of January.*

The Coalition of Concerned Customers agrees with TEAM that the rationale and the directive of the February 16 Order were clear and focused on \$9,000/MWh prices *during times of firm load shed*. While the Coalition of Concerned Customers believes that the Commission should reconsider its decision to impose \$9,000/MWh prices,<sup>4</sup> the Commission, at a minimum, should grant TEAM's request and direct ERCOT to remove the administrative price adders from prices after 1:05 am on Thursday, February 18, when ERCOT "completed the restoration of all firm load shed."<sup>5</sup> The Commission has the authority and ability to protect the commercial and industrial

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<sup>4</sup> While the Commission's decision may have been well-intentioned, there are other means that would be less devastating to customers to provide assurance to generators that they will be made whole for the costs that they incurred while operating during the extreme weather event. In the interest of the public welfare that is grappling with the consequences of the February 16 Order, the Commission should use its emergency powers to rescind it. Moreover, support for these Comments should not be read as agreement that granting TEAM's request would be a complete and adequate remedy for the unprecedented and long-lasting prices imposed by the February 16 Order, nor a waiver of any rights related thereto.

<sup>5</sup> TEAM Request at 3.

customers that are the backbone of Texas' economy. It should act promptly to enforce its February 16 Order and to remedy this unjust result.<sup>6</sup>

WHEREFORE, PREMISES CONSIDERED, the Coalition of Concerned Customers urges the Commission to direct ERCOT to remove the administrative price adder consistent with the Commission's February 16 Order. We further urge the Commission to direct ERCOT to correct prices consistent with this Order back to 1:05 am on February 18, 2021 at the time ERCOT removed the firm load shed instructions to the transmission and distribution utilities. It is imperative that these steps be taken to avoid, or at least mitigate, irreparable harm to industrial and commercial customers.

Respectfully submitted,

Brian Montague  
SVP, National Operations  
BPR OP, LP  
350 N Orleans St. Suite 300  
Chicago, IL 60654  
312.960.5184  
[brian.montague@brookfieldpropertiesreal.com](mailto:brian.montague@brookfieldpropertiesreal.com)

Brianna Gaytan  
Purchasing Coordinator  
City of Baytown  
2401 Market Street, Baytown, TX 77522  
281.420.6252  
[brianna.gaytan@baytown.org](mailto:brianna.gaytan@baytown.org)

John Maresh  
City Manager  
City of Rosenberg  
2110 4th Street  
Rosenberg, TX 77471  
832.595.3310  
[jmaresh@rosenbergtx.gov](mailto:jmaresh@rosenbergtx.gov)

Haley Davalos  
Creative Specialty Foods Inc  
3715 Jensen Dr.  
Houston, TX 77026  
713.864.7777  
[hdavalos@45cent.com](mailto:hdavalos@45cent.com)

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<sup>6</sup> The Coalition of Concerned Customers notes that, as TEAM suggested, should there be any claims that generation resources brought online after the load shed instructions were lifted cannot recover costs with removal of the administrative price adder, the Commission should clarify that any generator that is unable to recover its verifiable fuel costs that it reasonably incurred to produce power through the applicable ERCOT Nodal Protocols will be permitted to file with the PUC for recovery of those costs.

Joseph Ngo  
Vice President  
Crownmark Imports (Crown Mark, Inc)  
10881 W. Sam Houston Pkwy S A  
Houston, TX 77031  
832.295.9511  
[joseph@crowmark.com](mailto:joseph@crowmark.com)

Joe Garcia  
Plant Manager  
United Minerals and Properties, Inc. dba  
Cimbar Performance Minerals Inc  
322 Manning Road  
Corpus Christi, TX78409  
361.944.5298  
[jgarcia@cimbar.com](mailto:jgarcia@cimbar.com)

Marilyn Jackson  
Contract Specialist  
City of Round Rock  
221 East Main Street  
Round Rock, TX 78664  
512.218.5459  
[mjackson@roundrocktexas.gov](mailto:mjackson@roundrocktexas.gov)

Christopher Layton  
Chisos Logistics  
9811 Katy Fwy Ste 900  
Houston, TX 77024-1283832.671.2515  
[chris@chisosenergy.com](mailto:chris@chisosenergy.com)

Tony Bergamini  
Facilities Manager  
Kyocera Document Solutions America, Inc  
2825 Story Rd.  
W. Irving, TX 75038  
973.882.6006  
[Anthony.Bergamini@da.kyocera.com](mailto:Anthony.Bergamini@da.kyocera.com)

Rob Clair, COO  
Arandas Bakery (Arandas Franchises)  
2525 N. Loop W., Suite 610  
Houston, TX 77008  
713.691.3373  
[rob.clair@arandasfranchises.com](mailto:rob.clair@arandasfranchises.com)

Eric Thames  
Managing Partner, Energy Paradigm LLC  
17490 Northwest Hwy  
Houston, TX 77040  
[consult@energyparadigmllc.com](mailto:consult@energyparadigmllc.com)  
On behalf of Harbor Freight Tools USA, Inc

Ryan Crabtree  
Lincoln Rackhouse  
2000 McKinney Ave Ste 1000  
Dallas, TX 75201  
214.740.4402  
[rcrabtree@lpc.com](mailto:rcrabtree@lpc.com)

Cheri Shapiro  
Best Press Inc  
4201 Airborn Drive  
Addison TX 75001  
972.930.1000  
972.930.1030 (fax)  
[Cshapiro@bestpress.com](mailto:Cshapiro@bestpress.com)

Eric Hutchins  
iNERTiA Energy Advisors  
3400 E AIRFIELD DR  
Irving TX ,75261  
248-390-2214  
[eric@inertiaenergyadvisors.net](mailto:eric@inertiaenergyadvisors.net)  
On behalf of SanMar Corporation

Eric Hutchins  
iNERTiA Energy Advisors  
1306 N MAIN ST  
ANDREWS TX, 79714  
248-390-2214  
[eric@inertiaenergyadvisors.net](mailto:eric@inertiaenergyadvisors.net)  
On behalf of Suffolk Business Solutions

Eric Hutchins  
iNERTiA Energy Advisors  
1308 N Main ST,  
Andrews TX, 79714  
248-390-2214  
[eric@inertiaenergyadvisors.net](mailto:eric@inertiaenergyadvisors.net)  
On behalf of VRE Properties LLC

Eric Hutchins  
iNERTiA Energy Advisors  
814 AVE R  
Grand Prarie TX, 75050  
248-390-2214  
[eric@inertiaenergyadvisors.net](mailto:eric@inertiaenergyadvisors.net)  
On behalf of Blue Line Distribution

Tim Daudelin  
VP of Procurement  
Leslies Poolmart, Inc.  
2005 E Indian School Rd Ste 101  
Phoenix, Arizona  
602.366.3957  
[tdaudelin@lesl.com](mailto:tdaudelin@lesl.com)

Paul McDonough  
NET Power, LLC  
406 Blackwell St FL 4 Durham  
North Carolina 27701-3983  
617.447.3126  
[Paul.McDonough@NctPower.com](mailto:Paul.McDonough@NctPower.com)

Brian Owens  
Vice President of Procurement  
Stratas Foods LLC  
7970 Stage Hills Blvd Bartlett  
Tennessee 38133-4009  
901.387.4769  
[Brian.Owens@stratasfoods.com](mailto:Brian.Owens@stratasfoods.com)

Michael Kasmiersky  
Alamo Crossing, LLC  
16945 Northchase Drive Ste 150  
Houston, TX 77060  
281.875.7800  
[MKasmiersky@LPC.com](mailto:MKasmiersky@LPC.com)

Michael Hagan, CFO  
B & B Theatres Operating Co., Inc  
105 N Stewart Ct Ste 200  
Liberty, Missouri 64068-1399  
[michael.hagan@bbtheatres.com](mailto:michael.hagan@bbtheatres.com)

Simon Coupe  
Procurement Manager  
IKO Southwest Inc  
1001 Iko Way  
Hillsboro, TX 76645-3096  
[simon.coupe@iko.com](mailto:simon.coupe@iko.com)

Jay Shani  
VP of Operations  
KRM 505 Sam Houston LLC  
5711 Hillcroft St Ste D1  
Houston, TX 77036-2386  
713.935.0700  
[rsgeneralpartner@gmail.com](mailto:rsgeneralpartner@gmail.com)



Jay Shani  
VP of Operations  
KRM 525 Sam Houston LLC  
5711 Hillcroft St Ste D1  
Houston, TX 77036-2386  
713.935.0700  
[rsgeneralpartner@gmail.com](mailto:rsgeneralpartner@gmail.com)

Berzin Bhandara  
VP of Operations  
NW Crossings Management LLC  
13105 Northwest Fwy  
Houston, TX 77040  
713.952.9995  
[bbhandara@ardenwoodgroup.com](mailto:bbhandara@ardenwoodgroup.com)

Rob Gerasimowicz  
Owner  
Rojan, INC  
3500 Tangle Brush Dr APT 209  
Spring, TX 77381-2949  
[gera.properties@gmail.com](mailto:gera.properties@gmail.com)

Mark Horn  
Bixby Enterprises  
831 N Judge Ely Blvd Ste H  
Abilene 79601  
[mhc@wtconnect.com](mailto:mhc@wtconnect.com)

John Kaiser  
G&H Diversified Manufacturing  
11660 Brittmoore Park Dr  
Houston, TX 77041-6917  
[jKaiser@ghdiv.com](mailto:jKaiser@ghdiv.com)

Jay Newhouse  
Redoak Drive LLC  
17506 Red Oak Dr.  
Houston, TX 77090  
845.638.6600  
[Jay@rjblock.net](mailto:Jay@rjblock.net)

Chet Lange  
McCoy Corporation  
1350 N Interstate 35  
San Marcos, TX 78666-7130  
[chet.lange@mccoys.com](mailto:chet.lange@mccoys.com)

Emmanual Dubois  
Plant Director  
Overwraps Packaging, Inc.  
3950 LA REUNION PKWY  
Dallas TX, 75212  
214.424.2000  
[edubois@overwraps.com](mailto:edubois@overwraps.com)

Steve Hardy  
333 N Texas Ave Ste 1000  
Webster, TX 77589  
469.533.7626  
[shardy@powerbrokersusa.com](mailto:shardy@powerbrokersusa.com)  
On behalf of Webster Surgical Specialty  
Hospital, LTD

Lanny McNeely  
Manager, Reliability Program  
Explorer Pipeline Company  
4361 COUNTY ROAD 4120  
Bonham TX, 75418  
[lmneely@expl.com](mailto:lmneely@expl.com)

Jay Shani  
VP of Operations  
RS 4606 FM 1960 LLC  
5711 Hillcroft St Ste D1  
Houston, TX 77036-2386  
713.935.0700  
[rsgeneralpartner@gmail.com](mailto:rsgeneralpartner@gmail.com)

Marshall Griswold, CEO  
Cryoport Systems  
17305 Daimler St  
Irvine CA 92614-5510  
818.370.2514  
[mpgla@aol.com](mailto:mpgla@aol.com)

Scott McCollough  
Bar # 13434100  
Data Foundry  
2500 Bee Cave Road, Bldg 1, Suite 400  
Austin, TX 78746  
512-888-1112  
[wsmc@dotlaw.biz](mailto:wsmc@dotlaw.biz)

Larry Wrinkle  
Huhtamaki, Inc  
800 W CENTER ST  
Paris TX 75460  
(256) 894-1187  
[Larry.Wrinkle@huhtamaki.com](mailto:Larry.Wrinkle@huhtamaki.com)