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PROJECT NO. 51812

ISSUES RELATED TO THE STATE
OF DISASTER FOR THE
FEBRUARY 2021 WINTER
WEATHER EVENT

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BEFORE THE
PUBLIC UTILITY COMMISSION
PUBLIC UTILITY COMMISSION OF
TEXAS

**VISTRA CORP.'S COMMENTS ON IMM'S MARCH 4, 2021
RECOMMENDATION REGARDING PRICES DURING AND AFTER LOAD-
SHEDDING EVENT**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Vistra Corp. (Vistra) hereby responds to the March 4, 2021 Letter Recommendations of Potomac Economics, Ltd. (IMM's March 4 Comments¹) filed in this project, as follows:

I. RESPONSE

Vistra agrees in part with the IMM's March 4 Comments, but believes it is imperative that the Commission should follow the fundamental principle described in the Commission's February 15, 2021 Order² stating how market prices should work: **prices should be at their highest while ERCOT is ordering load shedding and should not be after ERCOT had ceased ordering load shedding.** This principle should apply to all relevant ERCOT products: Day-Ahead Market pricing, Real-Time Market pricing, and Ancillary Services Market pricing. Repricing one of the Real-Time Market, the Day Ahead Market, or the Ancillary Services Market without the others is cherry-picking and inconsistent with market design and would result in unjust and unreasonable outcomes.

The Commission should apply these equitable and fundamental principles:

- Consistent with the Commission's February 15th Order and market fundamentals, reprice Monday February 15th periods during ERCOT-ordered load shedding at \$9,000 MWh for the Real Time Market.

¹ Letter from Potomac Economics to Public Utility Commission of Texas, Re: PUC Project No. 51812, *Issues Related to the State of Disaster for the February 2021 Winter Weather Event* (Mar. 4, 2021).

² *Order Directing ERCOT To Take Action And Granting Exception to Commission Rules* (PUC Project No. 51617) (Feb. 15, 2021).

- Consistent with the Commission's February 15th Order and market fundamentals, reprice Tuesday February 16th for the Day-Ahead Market to account for the Monday February 15th repricing.
- Consistent with the principles espoused in the Commission's February 15th Order and market fundamentals, reprice all periods during Thursday, February 18th and Friday, February 19th for Real Time and Day-Ahead Markets to an equitable calculation of the market clearing price (not the \$9,000/MWh price, because ERCOT had ceased ordering load shedding).
- If the Commission resettles prices for the Real-Time and Day-Ahead Markets, Ancillary Services Market prices should likewise be adjusted to reflect the new market clearing prices.
- The resettled prices for Monday, February 15th through Friday, February 19th could be an administrative price determined by the Commission or ERCOT.
- In any case, if the Commission resettles market prices below generators' fuel costs, the Commission should order ERCOT to initiate a process to compensate those generators for their fuel purchases.³ This cost recovery mechanism could be spread out over a period of time to insulate retail customers from receiving large charges. That way generators would not be penalized for purchasing fuel during this event, with no ability to recover their actual costs, and customers would not be exposed to a significant one-time charge.

Vistra continues to believe that the Commission should not take an arbitrary, piecemeal approach to repricing. The solution should ensure the stability and the long-term viability of the ERCOT market. We understand that there may be a desire to act quickly. But acting without allowing *all* market participants to engage is likely to create another set of parties that will be adversely affected by the new pricing structure. Thus, we urge the Commission to commence a project in which all market participants may be heard, but if the Commission believes it must take action now, Vistra urges the Commission to apply the principle articulated in the Commission's

³ Repricing the Real-Time Market outcomes by simply removing the Real-Time Reliability Deployment Price Adder, as suggested in the IMM's March 4 Comments, will also produce unjust outcomes, because it would leave many generators in a situation where they were not even recovering their fuel costs, even though they were online and supporting the grid as ERCOT held the system in EEA 3.

February 15, 2021 order to all products and services, including Day-Ahead Market prices, Real-Time Market prices, and Ancillary Services Market prices. That is, for all such products and services, from Monday, February 15th to Friday, February 19th, the same principle should govern all pricing: When ERCOT was ordering load shedding, prices should be at their highest, and when ERCOT ceased ordering load shedding, prices should not be maintained at that high level.

II. CONCLUSION AND PRAYER

Vistra requests that the Commission decline to take action repricing only the Ancillary Services Market. Instead, Vistra urges the Commission to consider any further repricing based on fundamental market principles and holistically in a proceeding open to all affected market participants.

If, however, the Commission determines a need to take immediate action, Vistra asks the Commission to apply its appropriate and straightforward rationale to all products and services from February 15th to February 19th: When ERCOT was ordering load shedding, prices should be at their highest, and when ERCOT stopped ordering load shedding, prices should not be kept at the system wide offer cap, with any repricing methodology ensuring recovery of fuel cost.

Respectfully submitted,

/s/ Amanda J. Frazier

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