



Control Number' 45624



Item Number' 396

Addendum StartPage 0

SOAH DOCKET NO. 473-16-2751
P.U.C. DOCKET NO. 45624

RECEIVED

2016 AUG 22 PM 2: 27

APPLICATION OF THE CITY OF §
GARLAND, TEXAS, FOR A §
CERTIFICATE OF CONVENIENCE §
AND NECESSITY FOR THE PROPOSED §
RUSK TO PANOLA DOUBLE-CIRCUIT §
345-KV TRANSMISSION LINE IN RUSK §
AND PANOLA COUNTIES, TEXAS §

PUBLIC UTILIT. COMM. IC
FILING CLERK
BEFORE THE

PUBLIC UTILITY COMMISSION

OF TEXAS

ERCOT'S BRIEF ADDRESSING PROPOSED LIMITATION OF OUTPUT

Electric Reliability Council of Texas, Inc. (ERCOT) submits this brief in accordance with the Public Utility Commission of Texas's (Commission) August 18, 2016 request for briefing regarding the possibility that the Commission order that the DC tie [proposed by Southern Cross Transmission LLC ("Southern Cross")] operate below ERCOT's current most severe single contingency of 1,375 MW until ERCOT completes any required studies and implements any new standards and protocols.

ERCOT generally has no concern with the proposed limitation on output. However, if the Commission does decide to impose such a restriction, ERCOT would request several additional clarifications. First, ERCOT would request that the order clarify that such a limitation does not authorize operation of the tie before the Commission and/or ERCOT have addressed through standards and appropriate system changes each of the various issues that the Commission ultimately determines should be resolved prior to the interconnection (or energization) of the tie. In its Initial Brief, ERCOT recommended that the following issues should be resolved prior to interconnection of the tie:

- Determination of the appropriate market participant category for non-TSP DC tie owners like Southern Cross and implementation of necessary system changes;
- Execution of the ERCOT Standard Form Market Participant Agreement under the appropriate market participant category;
- Determination of the appropriate means of managing congestion of the Southern Cross DC tie;
- Development of standards and system changes necessary to ensure ramping of the tie does not create a reliability risk;
- Development of a method to ensure generation and transmission outages can be

reliably and cost-effectively coordinated after the tie is interconnected;

- Execution of the necessary coordination agreements with the Reliability Coordinator and/or Balancing Authority on the eastern end of the DC tie; and
- Determination as to the appropriate changes to ancillary services procurement to ensure reliability following the interconnection of the Southern Cross DC tie.¹

The Commission's proposed 1375 MW limitation on the output of the tie would alleviate any need to resolve the congestion management issue and the ancillary services procurement issue before the tie is interconnected with the ERCOT system. However, ERCOT still recommends that each of the other issues identified above should be addressed before interconnecting (or energizing) the tie.

The Proposal for Decision agreed that these same issues should be resolved prior to energization of the tie, and also proposed that the following additional issues should be resolved as a condition to energization:

- Determination as to how the DC ties should be modeled in ERCOT's transmission planning cases; and
- Determination as to whether DC ties should be required to provide or procure Primary Frequency Response and Voltage Support Service or their technical equivalents and implementation of all appropriate standards revisions necessary to effectuate any such determination.²

Given the Commissioners' apparent inclination at this time to adopt the Proposal for Decision (PFD)—at least in substantial part—ERCOT assumes that the proposed output restriction would apply in addition to, and not in place of, those conditions proposed in the PFD. That is, ERCOT assumes the order would not grant to Southern Cross a *right* to energize the tie and to transfer up to 1375 MW irrespective of whether any of the issues described in the PFD's ordering paragraphs have been resolved. However, to avoid any unnecessary controversy, ERCOT requests clarification that the proposed output restriction—if it is adopted—is subject to the ordering paragraphs requiring resolution of the issues described above (with the possible exceptions of the congestion management issue, the ancillary services procurement issue, and either or both of the two additional issues identified in the PFD) as a condition for energization of the Southern Cross DC tie.

¹ ERCOT's Initial Brief at 12-13, proposed Ordering Paragraphs 1, 2, 5-8, 10.

² Proposal for Decision at 103, Ordering Paragraphs 22 and 25.

Second, ERCOT would request that the Commission clarify whether the proposed output limitation would apply to exports over the tie, imports over the tie, or both exports and imports. ERCOT knows of no reason why the restriction could not be applied to both exports and imports. As ERCOT witness Dan Woodfin testified, the tie could establish a new ‘most-severe single contingency’ for both the supply side (when importing) and the demand side (when exporting).³ However, because the term ‘most-severe single contingency’ has historically been applied only to the loss of the largest generator in a power system, and not to the loss of the largest load, ERCOT would request clarification as to the sorts of transactions—imports, exports, or both—that would be subject to the restriction; if it is ultimately adopted.

Third, ERCOT requests that the Commission explicitly provide that the ultimate responsibility to ensure compliance with the transfer restriction would lie with the DC Tie operator, and not with ERCOT. ERCOT can take measures that will likely ensure the limit is observed in real-time operations, but Southern Cross should ultimately be responsible for ensuring the restriction is not exceeded.

Additionally, ERCOT requests clarification of one other issue the Commission may intend to address in its order. In her memorandum of August 17, 2016, Chairman Nelson proposes a ‘separate proceeding’ to ‘specify the exact efforts we require ERCOT to undertake as a result of this project.’⁴ If the Commission’s order were to adopt the PFD as written, ERCOT would read the order to require ERCOT to address the various issues described in the ordering paragraphs without waiting for any subsequent Commission order. If the Commission intends to conduct a separate proceeding to identify the issues ERCOT will be required to address, ERCOT requests that the Commission modify the PFD to remove any requirement that ERCOT address the issues described, or alternatively, condition ERCOT’s obligation to address these issues on the completion of the subsequent issue-identification proceeding.

Finally, ERCOT notes that it does not read subsections (c-2) and (i) of Utilities Code section 37.051 to require the Commission to identify, in this proceeding, all possible issues that may eventually need to be addressed in Commission rules or ERCOT Protocols in order to reliably and equitably integrate the Southern Cross DC tie into the ERCOT System. Those provisions

³ ERCOT Ex. 2, Direct Testimony of Dan Woodfin, at 17:19-21; 18:14-15.

⁴ Memorandum from Chairman Donna L. Nelson to Commissioners Kenneth W. Anderson, Jr. and Brandy Marty Marquez at 3 (Aug. 17, 2016).

allow the Commission to impose reasonable conditions on the certificate of convenience and necessity in order to protect the public interest, but do not foreclose the Commission (or ERCOT) from taking further measures outside this proceeding to protect the public interest. ERCOT's statutory mandate to ensure the reliability and adequacy of the regional electrical network⁵ requires it to address all reliability concerns, irrespective of when they may arise. While ERCOT expects that most of the reliability and equity issues arising out of the interconnection of the Southern Cross project have been identified in this proceeding, it is possible that other issues warranting further ERCOT or Commission consideration may arise at some later time, and those issues may ultimately require revisions to rules, Protocols, or other standards that could affect the operation of the Southern Cross DC tie. The absence of any identified need for these changes in this proceeding should not be understood to preclude further action by the Commission or ERCOT at a later time.

Respectfully submitted,



Chad V. Seely
Vice President & General Counsel
Texas Bar No. 24037466
(512) 225-7035 (Phone)
(512) 225-7079 (Fax)
chad.seely@ercot.com

Nathan Bigbee
Assistant General Counsel
Texas Bar No. 24036224
(512) 225-7093 (Phone)
(512) 225-7079 (Fax)
nathan.bigbee@ercot.com

Jennifer N. Littlefield
Corporate Counsel
Texas Bar No. 24074604
(512) 225-7179 (Phone)
(512) 225-7079 (Fax)
jennifer.littlefield@ercot.com


⁵ Tex. Util. Code § 39.151(a)(2).

ERCOT
7620 Metro Center Drive
Austin, Texas 78744

ATTORNEYS FOR ELECTRIC
RELIABILITY COUNCIL OF TEXAS, INC.

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document was served on all parties of record on August 22, 2016, by posting on the PUC Interchange or by U.S. first class mail in accordance with the provisions regarding service in SOAH Order No. 3 in this proceeding.

A handwritten signature in cursive script, appearing to read "M. M. By", is written over a horizontal line.