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PUC DOCKET NO. 47576

APPLICATION OF LUBBOCK POWER § PUBLIC UTILITY COMMISSION
& LIGHT FOR APPROVAL TO §
BECOME PART OF THE ELECTRIC §
RELIABILITY COUNCIL OF TEXAS § OF TEXAS

DIRECT TESTIMONY
OF
CARRIE BIVENS

ON BEHALF OF
ELECTRIC RELIABILITY COUNSEL OF TEXAS, INC.

NOVEMBER 28, 2017

164

TABLE OF CONTENTS

I. Introduction and Qualifications 3

II. Purpose and Scope of Testimony..... 3

III. Effects of the Proposed Transition of LP&L into the ERCOT System 5

ATTACHMENTS

<u>Attachment Number</u>	<u>Description</u>
CB-1	Resume

1
2
3
4
5
6
7
8
9
10
11
12
13
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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Carrie Bivens. My business address is 2705 West Lake Drive, Taylor, Texas 76574.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Electric Reliability Council of Texas, Inc. (“ERCOT”) as Manager of Forward Markets. I have held this position since 2016. I have been employed by ERCOT since September 2006.

Q. PLEASE DESCRIBE YOUR ROLE AT ERCOT.

A. As Manager of Forward Markets, I am responsible for managing Congestion Revenue Right (“CRR”) auctions and the Day-Ahead market (“DAM”).

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Business Administration Degree in Operations Management from the University of Houston in 2003.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

A. Prior to joining ERCOT in 2006, I was an analyst in the market-based rate group at the Federal Energy Regulatory Commission for three years.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. No.

II. PURPOSE AND SCOPE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony addresses issues related to the effects of the proposed transition of Lubbock Power & Light (“LP&L”) into the ERCOT System with respect to: (a)

1 impacts on CRRs; (b) the creation of a new Non-Opt In Entity (“NOIE”) Load
2 Zone; and (c) the effects of the proposed transition on Market Participants in the
3 ERCOT market. Specifically, I am providing testimony to address the following
4 issues contained in the list of Issues to be Addressed in the Preliminary Order in
5 this docket dated September 29, 2017:

- 6 • What would be the effect, if any, of the proposed transition on congestion,
7 including congestion costs and congestion revenue rights, in Texas?
- 8 • How would the proposed transition affect Texas market participants in SPP
9 or ERCOT?
- 10 • If the proposed transition is approved, what conditions, if any, should be
11 placed on Lubbock's ability to move its ERCOT-interconnected load and
12 facilities out of the ERCOT region in the future?
- 13 • If the proposed transition is approved, what is the appropriate entity to
14 determine whether a new load zone in ERCOT should be created for
15 Lubbock's load? If the Commission is the appropriate entity to determine
16 this issue, should a new load zone in ERCOT be created for Lubbock's load?

17 **Q. WHAT DOCUMENTS AND INFORMATION DID YOU CONSIDER IN**
18 **THE DEVELOPMENT OF YOUR TESTIMONY?**

19 A. I have considered the following materials in developing my testimony:

- 20 • Relevant sections of the ERCOT Protocols;
- 21 • Application of the City of Lubbock through Lubbock Power and Light for
22 Authority to Connect a Portion of its System with ERCOT, as filed in this
23 docket on September 1, 2017;

- 1 • Direct Testimony of David W. McCalla, as filed in this docket on October
2 16, 2017;
- 3 • Study of the Integration of the Lubbock Power & Light System into the
4 ERCOT System (“ERCOT’s Study”) as originally filed on June 17, 2016 in
5 Project No. 45633, *Project to Identify Issues Pertaining to Lubbock Power*
6 *& Light's Proposal to Become Part of the Electric Reliability Council of*
7 *Texas (see ERCOT’s Response to Order No. 4 in this docket); and*
- 8 • ERCOT Coordinated Lubbock Power and Light Integration Impact
9 Analysis (“ERCOT’s Impact Analysis”) as originally filed on June 30, 2017
10 in Project No. 45633 (*see ERCOT’s Response to Order No. 4 in this*
11 docket).

12 **Q. WAS YOUR TESTIMONY AND ANALYSIS PREPARED BY YOU OR**
13 **UNDER YOUR DIRECT SUPERVISION?**

14 A. Yes.

15 **III. EFFECTS OF THE PROPOSED TRANSITION OF LP&L INTO THE**
16 **ERCOT SYSTEM**

17 **Q. WHAT WOULD BE THE EFFECT, IF ANY, OF THE PROPOSED**
18 **TRANSITION ON CONGESTION REVENUE RIGHTS IN ERCOT?**

19 A. If the Commission approves the proposed transition of LP&L into the ERCOT
20 System, and a decision to move forward with the construction of necessary
21 transmission facilities is made at least 36 months in advance of the interconnection
22 date, there should not be an impact to CRRs in the ERCOT market. The farthest
23 CRR auction is 36 months out, and therefore, to avoid impacts on previously

1 auctioned CRRs, a decision to move forward with the construction of the necessary
2 transmission facilities would need to be made at least 36 months in advance of an
3 interconnection date. *See* ERCOT’s Impact Analysis, Bates page 56.

4 **Q. HOW WOULD THE PROPOSED TRANSITION AFFECT TEXAS**
5 **MARKET PARTICIPANTS IN SPP OR ERCOT?**

6 A. I cannot speak to how the proposed transition would affect Market Participants in
7 the Southwest Power Pool, Inc. (“SPP”), but in the ERCOT market, many Market
8 Participants rely on historical pricing information in formulating CRR and DAM
9 bids and offers. Due to the lack of historical congestion pricing data in the LP&L
10 territory, the initial development of transaction strategies for the newly integrated
11 area could be difficult for Market Participants.

12 **Q. IF THE PROPOSED TRANSITION IS APPROVED, WHAT CONDITIONS,**
13 **IF ANY, SHOULD BE PLACED ON LP&L’S ABILITY TO MOVE ITS**
14 **ERCOT-INTERCONNECTED LOAD AND FACILITIES OUT OF THE**
15 **ERCOT REGION IN THE FUTURE?**

16 A. If the proposed transition is approved, and following integration into the ERCOT
17 System LP&L desires to move its ERCOT-interconnected Load and facilities out
18 of the ERCOT Region, LP&L should be required to notify ERCOT of its intent to
19 move its Load and facilities out of the ERCOT System at least 48 months prior to
20 the proposed move-out. This timeframe is consistent with ERCOT Protocol Section
21 3.4.2(1), which provides the requirements for additions or deletions of Load Zones.

22 ERCOT Protocol Section 3.4.2(1) states that, “approved additions,
23 deletions, or changes go into effect 48 months after the end of the month in which

1 the addition, deletion, or change was approved.” While ERCOT Protocol Section
2 3.4.2(1) does not specifically apply to NOIE Load Zones, it could be used as a
3 model for specifying requirements in the event that LP&L proposes a plan to exit
4 the ERCOT System.

5 CRRs are sold up to three (3) years in advance. ERCOT Protocol Section
6 7.5.1(4)(b)(i) maintains that a “CRR Long-Term Auction Sequence consists of six
7 successive CRR Auctions, each of which offers for sale CRRs spanning a term of
8 six consecutive calendar months...” for a total of three (3) years into the future.
9 Having a 48-month notice requirement to notify ERCOT of LP&L’s intent to move
10 its Load and facilities out of the ERCOT System would help protect Market
11 Participants who own CRRs from abrupt changes in value, and provide them with
12 time to adjust their transaction strategies.

13 **Q. IF THE PROPOSED INTEGRATION IS APPROVED, WHAT IS THE**
14 **APPROPRIATE ENTITY TO DETERMINE WHETHER A NEW LOAD**
15 **ZONE IN ERCOT SHOULD BE CREATED FOR LP&L’S LOAD?**

16 A. There are four (4) NOIE Load Zones in the ERCOT Region, which were approved
17 prior to the Texas Nodal Market Implementation Date (i.e., Austin Energy, City
18 Public Service, Rayburn Country Electric Cooperative, and Lower Colorado River
19 Authority). Each NOIE Load Zone is made up of a group of NOIEs that are parties
20 to the same pre-1999 power supply arrangements, and with the exception of
21 Rayburn Country Electric Cooperative, had an overall peak Load in excess of 2,300
22 MW for 2003. Any change to a Load Zone requires a 48-month notice for approval
23 by the ERCOT Board of Directors. *See* ERCOT Protocol Section 3.4.3.

1 Additionally, ERCOT Protocol Section 3.4.2 provides, in relevant part: “Load
2 Zones may be added, deleted, or changed, only when approved by the ERCOT
3 Board... [and] approved additions, deletions, or changes go into effect 48 months
4 after the end of the month in which the addition, deletion, or change was
5 approved...” (*emphasis added*).

6 In the LP&L Application, LP&L stated that, “LP&L completed the required
7 Non-Opt-In-Entity (NOIE) Load Zone Establishment form and submitted it to
8 LP&L’s ERCOT Account Manager.” *See* LP&L Application, Bates page 005.
9 Furthermore, in response to who should approve LP&L’s request to create a NOIE
10 Load Zone, Mr. McCalla, in the Direct Testimony of David W. McCalla, indicated
11 that LP&L submitted an application to ERCOT for the establishment of a NOIE
12 Load Zone, contingent upon Commission approval of the proposed transition, and
13 that “ERCOT preferred that LP&L seek the creation of a NOIE load zone in this
14 case.” *See* Direct Testimony of David W. McCalla at Bates page 34, lines 14-23,
15 and Bates page 35, lines 1-11.

16 While ERCOT staff has had discussions with LP&L about creating a new
17 NOIE Load Zone for LP&L in the event that the Commission approved the
18 proposed transition, the ERCOT Protocols do not provide ERCOT with an avenue
19 for determining whether a new NOIE Load Zone can be created for an entity that
20 is not registered with ERCOT as a Market Participant. Moreover, and although the
21 LP&L Application and Mr. McCalla reference a “required Non-Opt-In-Entity
22 (NOIE) Load Zone Establishment form” and/or “application” to create a NOIE
23 Load Zone in the ERCOT Region, ERCOT does not maintain such a form or

1 application to add a Load Zone. The information that LP&L provided to ERCOT
2 staff contained very basic information concerning LP&L substations and voltage
3 levels. *See* LP&L Application, Attachment B. ERCOT does not consider the
4 information provided by LP&L to constitute an application to add a Load Zone
5 under the ERCOT Protocols.

6 LP&L is not a registered Market Participant with ERCOT, and therefore,
7 cannot utilize the ERCOT Protocols to seek approval by the ERCOT Board of
8 Directors to create a new Load Zone. For this reason, ERCOT does not have the
9 authority to determine whether a Load Zone should be created for LP&L. Thus, the
10 Commission is the most appropriate entity to decide whether a new Load Zone
11 should be created for LP&L. Alternatively, if the Commission authorized the
12 proposed transition, LP&L will be required to register as a Market Participant with
13 ERCOT, and can then seek approval from the ERCOT Board of Directors to create
14 a new NOIE Load Zone, which if approved, would go into effect 48 months after
15 approval.

16 **Q. IF THE COMMISSION IS THE APPROPRIATE ENTITY TO**
17 **DETERMINE WHETHER A NEW LOAD ZONE IN ERCOT SHOULD BE**
18 **CREATED FOR LP&L'S LOAD, SHOULD A NEW LOAD ZONE IN**
19 **ERCOT BE CREATED FOR LP&L'S LOAD?**

20 A. ERCOT Protocol Section 3.4.2(1) provides that Load Zones can only be added,
21 deleted, or changed when approved by the ERCOT Board of Directors, and such
22 additions, deletions or changes will go into effect 48 months following such approval.
23 This helps ensure that if there is a request to divide a Load Zone into two separate
24 Load Zones, adequate notice is given to ERCOT and Market Participants.

1 Moreover, such notice helps ensure that CRRs sold from the original Load Zone's
2 Source or Sink would not be affected.

3 Creating a new NOIE Load Zone for the proposed transition of LP&L's
4 Load into the ERCOT System would have less of an impact on Market Participants
5 than would incorporating LP&L's Load into an existing Load Zone. For example,
6 existing long-term contracts would not likely contemplate a significant change to
7 Load in a particular Load Zone (i.e., the addition of LP&L's proposed Load into a
8 new Load Zone), which could impact prices with respect to that Load Zone. Prices
9 could be impacted because projected Load and congestion forecasts, as
10 contemplated when such long-term contracts were executed, would likely change
11 if LP&L's Load was incorporated into an existing Load Zone. Such a scenario
12 would not occur if a new NOIE Load Zone were created for LP&L's Load.

13 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

14 **A. Yes.**

CARRIE BIVENS

WORK EXPERIENCE

Electric Reliability Council of Texas, Inc.

9/2006 – Present

Manager, Forward Markets

- Responsible for managing operations of both the congestion revenue rights auctions and the day-ahead market, ensuring alignment with strategic objectives
- Act as a subject matter expert internally and externally, making effective oral and written presentations on technical matters and complex policies

Manager, Day-Ahead Market

- Manage a department of analysts and engineers to establish compliance with protocols, processes and procedures
- Participate in stakeholder forums to assist market participants in making informed decisions, supporting protocol changes and projects

Supervisor, Day-Ahead Market

- Supervised five operators to publish an on-time quality day-ahead market solution
- Coordinated resolution of issues, often working with interconnected departments and software vendors
- Interfaced with market participants regarding questions and analysis

Market Support Analyst

- Lead the day-ahead market trials, including:
 - Planning and execution of day-ahead market trials testing
 - Integrating with other market trials leads representing upstream and downstream systems
 - Engaging with market participants to answer design questions and resolve technical issues
- Served as meeting manager for the Transition Plan Task Force

Federal Energy Regulatory Commission, Washington, D.C.

7/2003 – 9/2006

Energy Industry Analyst

- Entrusted with the role of coach to assist other analysts in identifying and resolving issues, providing technical advice and reviewing work products to ensure consistency with regulatory objectives
- Conducted analyses and comprehensive review of filings to identify issues such as potential generation market power, and prepared memoranda and proposed orders containing recommendations on economic and policy issues
- Participated in technical conferences and rulemakings

EDUCATION

University of Houston, Houston, Texas

Bachelor of Business Administration in Operations Management

Graduated summa cum laude

The George Washington University, Washington, D.C.

Graduate-level coursework in Economics

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document was served on all parties of record on
November 28, 2017 by electronic mail.



A handwritten signature in black ink, consisting of a large initial 'J' followed by a cursive name, is written over a horizontal line.