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PUBLIC UTILITY COMMISSION
FILING CLERK

February 21, 2019

Public Utility Commission of Texas
Chairman DeAnn T. Walker
Commissioner Arthur C. D'Andrea
Commissioner Shelly Botkin
1701 N. Congress Ave.
Austin, Texas 78711

Re: PUC Project No. 48540, *Review of Real-Time Co-Optimization in the ERCOT Market*

Dear Chairman and Commissioners:

Consistent with the letter previously submitted in this Project, Electric Reliability Council of Texas, Inc. (ERCOT) informs the Public Utility Commission of Texas (Commission) that it does not believe any other Commission policy principles need to be added to the list already identified by Commission Staff in its January 28th Memorandum. The threshold policy principles identified by Commission Staff and the questions anticipated to be submitted by Commission Staff today will ultimately help drive the first version of Protocol changes for and technical foundation to support implementing Real-Time Co-Optimization (RTC). ERCOT believes that the remaining policy principles can be decided in the ERCOT stakeholder process.

As requested by Commission Staff and after discussion at the January 30, 2019 Technical Advisory Committee (TAC) meeting, ERCOT has scheduled a Real-Time Co-Optimization Workshop at the Austin Met Center for Wednesday, March 6, 2019 at 1:30PM. The purpose of the RTC Workshop is to educate and re-engage the ERCOT stakeholders on the mechanics of RTC and to begin a discussion on the policy principles that can be decided by the ERCOT stakeholders. ERCOT will highlight some of those policy issues – such as the creation of Ancillary Service demand curves (based upon Operating Reserve Demand Curve (ORDC) principles decided by the Commission), Ancillary Service participation rules, Real-Time settlement changes, and changes to the Reliability Unit Commitment (RUC) process – with the expectation that ERCOT stakeholders will want to capture a detailed list that can be properly discussed and settled into a final set of policy principles to draft Protocol changes. ERCOT will further highlight policy issues that should be considered out of scope and not included in the implementation of RTC. This expectation is critical to ensure that RTC is delivered within the appropriate time and cost estimates ultimately laid out in any future impact analysis. Additionally, ERCOT will discuss the governance process around finalizing the ERCOT stakeholder policy principles, and any dependencies on the Commission's policy principles (e.g., System-Wide Offer Cap (SWOC) and Value of Lost Load (VOLL)) to help structure a more complete timeline. The ERCOT stakeholder process can go in parallel with any Commission process for considering policy issues; however, ERCOT believes it will take several months to finalize any ERCOT stakeholder policy issues.

ERCOT anticipates providing regular updates to the Commission on the progress of vetting policy principles in the ERCOT stakeholder process. ERCOT looks forward to working with the Commission and stakeholders on implementing RTC into the ERCOT market.

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February 21, 2019

Please do not hesitate to call me if you have any questions.

Regards,

*Chad V. Seely / by permission
Juliana Nochead*

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