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COMPLAINT OF ASPIRE  
COMMODITIES, LLC AGAINST THE  
ELECTRIC RELIABILITY COUNCIL  
OF TEXAS

§ PUBLIC UTILITY COMMISSION  
§ OF TEXAS  
§  
§

PUBLIC UTILITY COMMISSION  
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**ASPIRE COMMODITIES, LLC'S REPLY  
TO THE ELECTRIC RELIABILITY COUNCIL OF TEXAS' MOTION TO DISMISS  
AND RESPONSE TO THE COMPLAINT OF ASPIRE COMMODITIES, LLC**

COMES NOW, Aspire Commodities, LLC ("Aspire Commodities") and respectfully submits its Reply to the Motion to Dismiss and Response to the Complaint of Aspire Commodities, LLC ("Motion to Dismiss") submitted by the Electric Reliability Council of Texas, Inc. ("ERCOT") and respectfully shows the following:

**I. IDENTITY OF COMPLAINANT AND COUNSEL**

Complainant: Aspire Commodities, LLC  
1302 Waugh Drive #539  
Houston, Texas 77019  
Fax: (832) 827-4280

Complainants Counsel: Barry M. Hammond, Jr.  
General Counsel  
Phone: (832) 819-1020  
Email: bhammond@aspirecommodities.com

Complaint Against: Electric Reliability Council of Texas, Inc.  
7620 Metro Center Drive  
Austin, Texas 78744

Aspire Commodities requests that copies of all correspondence, pleadings, briefs and other documents be served on the above-referenced counsel for Aspire Commodities.

**II. EXECUTIVE SUMMARY**

In its Motion to Dismiss, ERCOT raises four procedural, one substantive, and one public policy exceptions to Aspire Commodities' Complaint. Insofar as the Commission gives any

merit to their exceptions, this Reply seeks to correct any procedural deficiencies there may be to the satisfaction of the Commission and addresses the flawed substantive and public policy exceptions raised by ERCOT.

Section 6.3(4)(i) of the ERCOT Nodal Protocols states that “ERCOT *shall* correct prices when a market solution is determined to be invalid” (*emphasis added*). The language in the protocol creates an obligation to correct prices. ERCOT’s sole substantive exception to Aspire Commodities’ Complaint is that an external data error that leads to an invalid market solution releases it from this obligation. Nowhere in the Protocols can one find an “external data error” exception nor does ERCOT provide a citation to such. ERCOT solely relies on its prior erroneous, self-serving interpretation of the Protocols to determine that such an exception to its obligation to reprice exists.

As the basis for its Motion to Dismiss, ERCOT identifies six purported deficiencies in Aspire Commodities’ Complaint. What ERCOT fails to do in its Motion to Dismiss, however, is claim that the May 30<sup>th</sup> SCED pricing event was a valid market solution. Failing to do that, and considering the evidence that the pricing event was an invalid market solution, militates in favor of requiring ERCOT to reprice, overriding ERCOT’s sole substantive contention that its interpretation of the Protocols should override their plain language directive.

### **III. STATEMENT OF THE CASE**

Section 6.3(4)(i) of the ERCOT Nodal Protocols states that “ERCOT *shall* correct prices when a market solution is determined to be invalid” (*emphasis added*). The language in the protocol creates an obligation to correct prices. ERCOT’s sole substantive exception to Aspire Commodities’ Complaint is that an external data error that leads to an invalid market solution releases it from this obligation. Nowhere in the Protocols can one find an “external data error”

exception nor does ERCOT provide a citation to such. ERCOT solely relies on its prior erroneous, self-serving interpretation of the Protocols to determine that such an exception to its obligation to reprice exists.

ERCOT's further reliance on the Protocols Section 6.3(4)'s list of potential causes of an invalid market solution fails to appreciate that the list provides potential causes but does not provide a mutually exclusive, completely exhaustive list of causes of invalid market solutions. The Protocols very specifically state in plain English "The following are *some* reasons that *may* cause these conditions." (*emphasis added*). ERCOT attempts to treat the list as evidence that excludes external data input from a cause of an invalid market solution, when the Protocols use of the words "some" and "may" do anything but that.

Moreover, Section 6.3(4)(a) clearly lists "data input error" as a reason that may cause an invalid market solution. And ERCOT admits that there was a data input error. But then ERCOT creates an exception to this data input error out of whole cloth based on its prior interpretations. This is hardly the first time that ERCOT has violated the Protocols, willingly or otherwise. From 2010 to 2017, ERCOT admitted that it violated "several state regulations and ERCOT protocols affecting price and other issues".<sup>1</sup> There is nothing in ERCOT's Response to make a reasonable person consider this situation different from prior ERCOT Protocol violations.

Aspire Commodities has requested that the prices in the real time market for the interval from 14:45-15:00 on Thursday, May 30, 2019 be re-priced as a result of an invalid market solution calculated by ERCOT's security constrained economic dispatch (SCED) process arising from the use of incorrect data. The re-pricing would directly affect the real-time price and all buyers and sellers of real time electricity in ERCOT and any entity that contractually transacts

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<sup>1</sup> "ERCOT admits to violating Texas PUC rules on pricing, disclosures", S&P Global Platts, December 19, 2017, Mark Watson (<https://www.spglobal.com/platts/en/market-insights/latest-news/electric-power/121917-ercot-admits-to-violating-texas-puc-rules-on-pricing-disclosures>).

using the real-time electricity price. The re-pricing potentially affects all transactions on financial exchanges that offer ERCOT forward/futures contracts.

On May 30, 2019 at 14:50, ERCOT received telemetered incorrect information from Calpine Power Management, LLC a registered Qualified Scheduling Entity (QSE) regarding the Resource status of their generators. From the perspective of the ERCOT's security constrained economic dispatch (SCED) algorithm this meant that the capacity available for dispatch was 220MW less than the demand. As a result the automatic run of SCED at 14:50, for the dispatch interval from 14:50-14:55, pushed the energy price to \$9001 per MWh. Calpine made an unintentional and unfortunate mistake. At 14:52 ERCOT, having noticed the issue, manually ran SCED and effectively re-priced the remaining prices for the 5-minute interval. That is, ERCOT was able to correctly re-price some, but not all of the prices for that 5-minute interval. Had they detected the telemetry error sooner, we assume they would have manually run SCED sooner. In the extreme if they had detected the telemetry error instantaneously with receipt of the data, we assume – based on the actions they took at 14:52 – they would have manually run SCED using corrected values. For ERCOT to say they do not have the authority to re-price, necessarily begs the question of why they decided to manually run SCED at 14:52 and override the results from the automatic SCED run at 14:50.

The (automated) SCED run at 14:50 on May 30<sup>th</sup> generated a system lambda of \$9001 per MWh. At 14:52, ERCOT manually re-ran SCED and the resulting system lambda was \$38.04 per MWh. Even though the high (fictitious) price existed for a short period of time the duration was long enough to raise the settlement price for the 15-minute interval from \$40.53 in the preceding interval (14:30-14:45) to \$1359.13. It then fell to \$29.50 for the interval from 15:00 to 15:15. There are a number of solutions that ERCOT could use to re-price the interval.

Perhaps the most straightforward is to use the prices that were established as a result of the manual run initiated by ERCOT at 14:52 for the entire 14:50-14:55 SCED interval. Aspire seeks no other remedy in their complaint.

The PUCT-approved Protocols governing ERCOT's behavior grant ERCOT the authority to "correct prices" in the event that a "market solution is determined to be invalid."<sup>2</sup> It is Aspire Commodities' contention that prices that are entirely disconnected from the reality of electricity supply and demand, the transmission system and reliable grid operations cannot constitute a "valid market solution."

However, the Commission has jurisdiction over this dispute pursuant to PURA §39.151(d-4)(6). Aspire Commodities is an affected person in that it suffered a direct injury attributable to ERCOT's decision to violate the Protocols, which had a direct impact on derivative pricing. And although 16 TAC §22.251(c) typically requires an affected person who complains of ERCOT action or inaction to use Section 20, Section 21, or other applicable ERCOT procedures prior to presenting a complaint to the Commission, this complaint should be heard by the Commission because Aspire Commodities is not required to comply with the Applicable ERCOT Procedures because it is not an ERCOT Market Participant<sup>3</sup> and because Aspire Commodities will submit a written request requesting a waiver of the requirement for using any Applicable ERCOT Procedures at the request of the Commission.<sup>4</sup>

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<sup>2</sup> Section 6.3(4) of the ERCOT Protocols.

<sup>3</sup> 16 TAC §22.251(c)(1)(B) – A complainant may present a formal complaint to the commission, without first using the Applicable ERCOT Procedures, if the complainant is not required to comply with the Applicable ERCOT Procedures.

<sup>4</sup> 16 TAC §22.251(c)(2) - For any complaint that is not addressed by paragraph (1) of this subsection, the complainant may submit to the commission a written request for waiver of the requirement for using the Applicable ERCOT Procedures. The complainant shall clearly state the reasons why the Applicable ERCOT Procedures are not appropriate. The commission may grant the request for good cause.

#### IV. STATEMENT OF ISSUES AND PERTINENT FACTS FOR COMMISSION REVIEW

The issue is straightforward: the price for the interval from 14:45-15:00 on May 30<sup>th</sup> in no way corresponds to the actual conditions during that interval and ERCOT should be required to re-price. ERCOT does not argue the price for this interval is efficient or optimal. Thus their argument is not that the price was “correct” but rather that the reason for the fictitious price was beyond their control, i.e., data supplied from a Qualified Scheduling Entity. While the basis for incorrect price is important it is a derivative question. There is no question the price was wrong. That is, the price did not reflect the supply of and demand for electricity. Nor did the price reflect constraints either on the transmission system or imposed by reliable operations. The price – produced by ERCOT – was entirely and completely disconnected to anything that was occurring in reality. There is no dispute in regards to this interpretation.

With respect to the facts of the case, in their response ERCOT provides the following detail:

At approximately 14:49 on that day, Calpine sent incorrect telemetry to ERCOT for a fleet of Resources, which was captured in the 14:50 SCED run. Specifically, Calpine telemetered zero to ERCOT as the HSLs and LSLs for these Resources for the 14:50 SCED run. Notably, the Resources at issue had a combined telemetered output of approximately 6,300 MW just prior to the telemetry error.

In conformance with ERCOT Protocol Section 6.5.7.2, ERCOT’s Resource Limit Calculator immediately and automatically determined a new High Dispatch Limit (HDL) for the Resources at issue based on the changed telemetry (i.e., the zero HSL and LSL values). This resulted in a significant decrease in the total HDL for the Resource fleet—i.e., from 6,388 MW to 5,125 MW. Consequently, for the 14:50 SCED interval, the calculated total instantaneous capacity available for dispatch was approximately 220 MW less than the total instantaneous demand. In conformance with ERCOT’s OBD “Methodology for Setting Maximum Shadow Prices for Network and Power Balance Constraints,” this result constituted a violation of the Power Balance Penalty Curve and caused the ERCOT System Lambda20 to reach \$9,001.00/MWh.<sup>5</sup>

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<sup>5</sup> Electric Reliability Council of Texas, Inc.’s Motion to Dismiss and Response to the Complaint of Aspire Commodities, pp. 11-12.

SCED runs automatically every five minutes; however, the ERCOT Real-Time Operating Procedure Manual gives ERCOT operators discretion to run SCED manually in certain circumstances. At 14:52 on the OD at issue, ERCOT operators executed a manual SCED run due to concerns regarding (a) the potential for high frequency (due to generation responding to the \$9,001.00/MWh System Lambda), and (b) dispatch not being as expected.<sup>22</sup> The manual SCED run at 14:52 captured telemetry from Calpine that appeared to more accurately reflect the actual status of the Resource fleet.

This manual action by ERCOT operators effectively resolved the price spike caused by the telemetry error.<sup>23</sup> More specifically, the Resource Limit Calculator determined a new total HDL for Calpine's Resource fleet of 6,433 MW using the telemetry captured at 14:52; this resulted in a decrease of the System Lambda to \$38.04/MWh. ERCOT did not observe any noticeable issues or errors with Calpine's telemetry for subsequent SCED intervals on the OD at issue.

Aspire Commodities believe this to be an accurate explanation. Where we disagree with ERCOT is that they have adopted the position they lack the authority to correct prices arising from inaccurate telemetry data. However, they effectively did exactly this for the prices from 14:52 onwards when they usurped the automatic SCED process and ran SCED manually at 14:52. Had they not re-run SCED the energy price for the 5-minute interval from 14:50-14:55 would have stayed at \$9001/MWh. By re-running SCED they were directly (and correctly) able to re-price some, but not all of the prices for the 5-minute interval. Had they detected the telemetry error sooner, we assume they would have manually run SCED sooner. In the extreme if they had detected the telemetry error instantaneously we assume – based on the actions they took at 14:52 – that they would have manually run SCED using corrected values. For ERCOT to say they do not have the authority to re-price, necessarily begs the question of why they decided to manually run SCED at 14:52 and override the results for the rest of the 5-minute interval from the automatic SCED run at 14:50.

ERCOT maintains that an affidavit attesting to these facts should have been submitted with Aspire Commodities' Complaint but such affidavit is superfluous as ERCOT has submitted a Response attesting to the same facts claimed by Aspire Commodities. However, if the

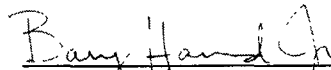


Commission deems the submission of an affidavit necessary, Aspire Commodities will furnish one attesting to any facts required.

## V. CONCLUSION

Aspire Commodities filed a complaint to have the energy price (i.e., the system lambda) re-priced for the interval from 14:50-14:55. This Reply addresses the procedural, substantive and public policy arguments outlined in ERCOT's Response, hopefully to the satisfaction of the Commission. The published prices were the direct result of a seemingly unintentional data input error. As such they were completely divorced from the actual reality of the system during that interval. While ERCOT seems to be concerned that re-pricing in this instance may encourage similar requests, we believe that is a separate matter that should be dealt with through the ERCOT Stakeholder process, not unilaterally and in direct violation of the Protocols. Apart from its procedural objections, ERCOT's sole contention is that its flawed interpretation and implementation should override the plain language meaning of a clearly written Protocol. This Commission can and should not allow such to take place.

Respectfully submitted,

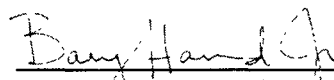


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**ATTORNEY FOR ASPIRE  
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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of this document was served on all parties of record to this proceeding on July 31, 2019 by hand delivery, facsimile, or first-class U.S. mail.

  
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Barry M. Hammond, Jr.