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PROJECT NO. 51812

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

PUBLIC UTILITY COMMISSION
OF TEXAS

SECOND ORDER ADDRESSING ANCILLARY SERVICES

On February 12, 2021, in response to an extreme winter weather event, Governor Greg Abbott issued a Declaration of a State of Disaster for all counties in Texas. Further, on February 15, 2021, the Electric Reliability Council of Texas, Inc. (ERCOT) declared its highest state of emergency, an Energy Emergency Alert Level 3 (EEA3), due to exceptionally high electric demand exceeding limited supply. ERCOT remained in EEA3 through 9AM on February 19, 2021. During this period, ERCOT directed transmission operators in the ERCOT region to curtail more than 20,000 megawatts (MW) of firm load. These circumstances have affected and continue to affect various market activities.

During this period, the Commission’s Independent Market Monitor (IMM),¹ Potomac Economics, closely monitored real-time market performance. After analyzing aspects of the market, the IMM submitted two recommendations to the Commission related to ancillary services.² The IMM’s second recommendation was that the Commission order that the *failure to provide* settlement treatment be invoked for all ancillary services that were not provided in real time for ERCOT operating days February 14 through February 19, 2021.³

The IMM explained there were a number of instances during the cited operating days that an ancillary service was not provided because of forced outages or derates. The IMM noted the ERCOT operators typically mark the short ancillary service amounts and the ancillary-service payments are clawed back in settlement. However, during this winter event, the ERCOT operators

¹ See PURA § 39.1515.

² Letter from Carrie Bivens, Vice-President and ERCOT IMM Director of Potomac Economics to the Commissioners of the Public Utility Commission of Texas, March 1, 2021, filed in Project 51812 on March 1, 2021. IMM Letter.

³ IMM Letter at 2.

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did not complete this marking task and the settlement process did not claw back ancillary-service payments for entities that did not meet an ancillary-service obligation.⁴

The IMM noted that nodal protocol revision request (NPRR) number 947 was intended to address this issue but was withdrawn. However, the Commission notes that, in the withdrawal request, it was stated that NPRR 947 “improves the process for identifying and charging QSEs for failed ancillary-service-supply-responsibility quantities, *processes currently exist to attain that* and can remain in place until implementation of real-time co-optimization.”⁵

The IMM also stated in this second recommendation that section 6.4.9.1.3 of the ERCOT Nodal Protocols should be amended to better address this issue. This Commission does not act in this Order on that portion of the second recommendation.

The Commission issued an order on March 3, 2021 adopting the recommendation of the IMM. On March 5, the IMM filed a request for clarification of the Commission’s order to make clear that the Commission was ordering the invocation of the *failure-to-provide* mechanism in the ERCOT Nodal Protocols.⁶

In accordance with the recommendation and requested clarification of the IMM, the Commission issues the following orders.

1. ERCOT must settle each qualified scheduling entity that failed on its ancillary service supply responsibility in accordance with ERCOT Nodal Protocol section 6.4.9.1.3, entitled *Replacement of Ancillary Service Due to Failure to Provide*, for a particular ancillary service for any hour of ERCOT’s operating days February 14, 2021 through February 19, 2021.
2. This Order supersedes and replaces the order addressing ancillary services dated March 3, 2021.

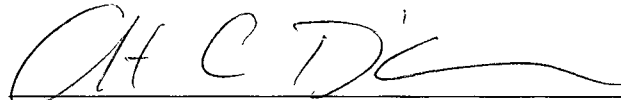
⁴ IMM Letter at 2.

⁵ NPRR947, Request for Withdrawal (Aug. 5, 2020) last accessed on March 3, 2021 from the ERCOT website at <http://www.ercot.com/mktrules/issues/NPRR947#keydocs>.

⁶ IMM’s Request for Clarification (Mar. 5, 2021).

Signed at Austin, Texas the 12th day of March 2021.

PUBLIC UTILITY COMMISSION OF TEXAS

A handwritten signature in black ink, appearing to read 'A C D'Andrea', written over a horizontal line.

ARTHUR C. D'ANDREA, CHAIRMAN