



Control Number: 51812



Item Number: 241

Peter M. Lake
Chairman

Will McAdams
Commissioner

Lori Cobos
Commissioner

Jimmy Glotfelty
Commissioner



Greg Abbott
Governor

Thomas J. Gleason
Executive Director

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PUBLIC UTILITY COMMISSION

Public Utility Commission of Texas

TO: Peter M. Lake, Chairman
Will McAdams, Commissioner
Lori Cobos, Commissioner
Jimmy Glotfelty, Commissioner

FROM: Stephen Journeay, Commission Counsel

DATE: 4 March 2022

RE: 10 March 2022 Open Meeting – Item No. 27

Project No. 51812 – *Issues Related to the State of disaster for the February 2021 Winter Weather Event*

On February 21, 2021, “in an attempt to protect the overall integrity of the financial electric market in the ERCOT region,” the Commission determined that it was “necessary to authorize ERCOT to use its sole discretion in taking actions under the ERCOT Nodal Protocols to resolve financial obligations between a market participant and ERCOT.”¹ Accordingly, the Commission ordered ERCOT to “exercise its sole discretion to resolve financial obligations between a market participant and ERCOT” in the manner identified in that order.² In addition, the Commission waived any provision of the ERCOT Nodal Protocols to the extent necessary for ERCOT to take the ordered actions.³

On November 18, 2021, ERCOT filed a letter explaining how it had exercised its discretion under this order. After issuance of the February 21 order through March 2021, ERCOT exercised its discretion on a regular basis to provide market participants additional time to provide collateral and pay invoices, and occasionally to suspend the issuance of breach notifications. In addition, ERCOT used funds from auction of congestion revenue right to help pay short-paid market participants. However, since April 2021 ERCOT stated it has exercised discretion under this order for only two scenarios and that, other than those two items, ERCOT no longer considered the order necessary to preserve the financial integrity of the financial electric market in the ERCOT region.⁴

On February 18, 2022, ERCOT filed another letter stating that it no longer needed to exercise the discretion granted by the Commission’s order for the two scenarios in which it had exercised such

¹ Order Directing ERCOT to Take Action and Granting Exception to ERCOT Protocols at 1 (Feb. 21, 2021).

² *Id.*, Ordering Paragraph No. 1.

³ *Id.*, Ordering Paragraph No. 2.

⁴ Letter dated November 18, 2021, filed in this Project 51812 as item number 238.

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discretion since April 2021. Consequently, ERCOT stated that it no longer considers the order necessary to preserve the integrity of the ERCOT financial market, that it is no longer exercising any discretion under the order, and that does not anticipate any need to exercise discretion under the order in the future.⁵

In light of ERCOT's statements, I have prepared a draft order that would rescind the order issued on February 21, 2021.

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⁵ Letter dated February 18, 2022, filed in this Project 51812 as item number 240.

PUC PROJECT NO. 51812

**ISSUES RELATED TO THE STATE OF § PUBLIC UTILITY COMMISSION
DISASTER FOR THE FEBRUARY 2021 §
WINTER WEATHER EVENT § OF TEXAS**

**PROPOSED ORDER RESCINDING ORDER DIRECTING ERCOT TO TAKE ACTION
AND GRANTING EXCEPTION TO ERCOT PROTOCOLS**

In its order dated February 21, 2021 in this project 51812, the Commission directed the Electric Reliability Council of Texas (ERCOT) to take certain actions and granted exception to provisions of the ERCOT Nodal Protocols and Operating Guides.

ERCOT exercised discretion under that order on a regular basis through March 2021. However, since April 2021, ERCOT found it necessary to exercise discretion under that order for only two circumstances: suspending written notice of payment breach to Rayburn Country Electric Cooperative, Inc. and suspending payment deadlines for Hanwha Energy USA Holdings Corp. ERCOT no longer needs to exercise discretion under the February 21 order for either of these two circumstances. Further, ERCOT in no longer exercising discretion under that order and does not anticipate needing to exercise such discretion going forward.

The Commission concludes that the discretion granted ERCOT, and the suspension of ERCOT Nodal Protocols, under the February 21, 2021 order is no longer needed and should be terminated. Rescinding the February 21 order will also eliminate any continuing concerns that ERCOT may exercise discretion under that order in the future.

I. Orders

Accordingly, for the reasons discussed above, the Commission issues the following orders:

1. The Commission's order dated February 21, 2021 that granted discretion to ERCOT and waived ERCOT Protocols is hereby rescinded. This rescission does not affect any actions taken by ERCOT prior to the rescission.
2. ERCOT may no longer exercise discretion under the February 21 order.
3. Any waiver of the ERCOT Nodal Protocols under the February 21 order is terminated.

4. Any actions required of ERCOT under the February 21 order are terminated.

Signed at Austin, Texas the _____ day of March 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER M. LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER