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

PUBLIC UTILITY COMMISSION  
OF TEXAS

2021 MAR -3 AM 10:20  
PUBLIC UTILITY COMMISSION  
FILING CLERK

**FIRST AMENDED PETITION FOR EMERGENCY ACTION AND RELIEF**

STAT Energy, LLC (“STAT”) respectfully requests that the Public Utility Commission of Texas (the “Commission”) order the Electric Reliability Council of Texas (“ERCOT”) to deviate from its protocol deadlines and timing related to settlements, collateral obligations, and invoice payments and suspend the execution or issuance of invoices or settlements until issues are finalized by State leaders considering solutions to the financial challenges caused by the above-referenced February 20201 winter event. In support thereof, Petitioners show as follows:

**I.**

On February 21, 2021, the Commission issued an “Order Directing ERCOT to Take Action and Granting Exception to ERCOT Protocols” (hereafter simply “Order”) which states:

“In an attempt to protect the overall integrity of the financial electric market in the ERCOT region, the Commission concludes it is 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. It is appropriate that ERCOT’s discretion include, but not be limited to, ERCOT’s ability to take the following actions:

- Deviate from protocol deadlines and timing related to settlements, collateral obligations, and invoice payments;
- Utilize available funds, such as undistributed congestion revenue right auction revenues, to cover short-paying invoice recipients;
- Relax credit requirements and releasing cash or other collateral to provide short-term market-participant liquidity;
- Deviate from protocol requirements regarding the maximum amount of default uplift invoices;
- Suspend breach notifications to certain market participants for failure to make payment or provide financial security; and
- Produce reconciliation settlements following market stabilization.”

**II.**

In Response to the Order, ERCOT issued the following notice on February 22, 2021, which states:

“ERCOT is temporarily deviating from Protocol deadlines and timing related to settlements, collateral obligations, and Invoice payments while prices are under review. Invoices or settlements will not be

executed until issues are finalized by State leaders considering solutions to the financial challenges caused by the winter event, which is anticipated to occur this week.”

Then one day later and without any explanation, ERCOT issued a new notice stating that, “ERCOT has ended its temporary deviation from protocol deadlines and timing related to settlements, collateral obligations, and invoice payments. Invoices and settlement will be executed in accordance with Protocol language.”

In STAT’s view, this notice indicates that ERCOT no longer wishes to provide opportunity to State leaders to finalize issues relating to the challenges of the recent winter weather events. Thus, REPs such as STAT must turn to the Commission to issue an order for emergency relief. STAT, other similarly-situated Texas REPs and their customers will suffer irreparable injury without Commission action. The exorbitant and extraordinary costs expected to be passed on to REPs in billings for charges for the past week can be expected to drive many REPs from the marketplace, thereby decreasing consumer choice and consolidating market shares to a significantly reduced pool of a handful of REP firms for customers to choose from. Such a result would be anti-competitive and undermine the competitive marketplace that has heretofore benefitted consumers.

The Commission’s Order noted that PURA §39.151(d) gives the Commission complete authority over ERCOT. The Commission can also rely on the following authorities:

- 16 TEX. ADMIN CODE § 25.501(a) provides that ERCOT determines market clearing prices of energy and other ancillary services in the ERCOT market unless otherwise directed by the Commission;
- PURA § 39.151(d-4) provides that the Commission may “resolve disputes between an affected person and an independent organization and adopt procedures for the efficient resolution of such disputes.”
- PURA §35.004(e) provides that: “The Commission shall ensure that ancillary services necessary to facilitate the transmission of electric energy are available at reasonable prices with terms and conditions that are not unreasonably preferential, prejudicial, discriminatory, predatory, or anticompetitive. In this subsection, ‘ancillary services’ means services necessary to facilitate the transmission of electric energy including load following, standby power, backup power, reactive power, and any other services as the Commission may determine by rule.”
- PURA § 39.001(d) provides that: “Regulatory authorities ... shall authorize or order competitive rather than regulatory methods to achieve the goals of this chapter to the greatest extent feasible and shall adopt rules and issue orders that are both practical and limited so as to impose the least impact on competition.”

### III.

Ancillary Services are procured by ERCOT for a set of activities conducted by generators and, to a limited extent, by interruptible loads. These services are offered in \$/MW on an hourly basis in the day-ahead market. Like balancing energy, ERCOT buys Ancillary Services via reverse auction each day, in an amount it judges as adequate to ensure grid stability for each hour of the following day. ERCOT takes the lowest-cost offers to meet their requirement, and the highest price accepted establishes the price for all accepted offers. However, unlike balancing energy, clearing prices for Ancillary Services far exceeded the offer cap. We feel these charges are egregious as they, in fact, settled in excess of \$20,000/MWh. Given

the \$9,000/MWh offer cap for Ancillary Services, is an “optimized” settlement price of in excess of \$20,000/MWh justified?

Governor Greg Abbott today issued a statement on February 23, 2021, regarding the resignation of multiple ERCOT board members, including the chairman and vice-chairman:

“When Texans were in desperate need of electricity, ERCOT failed to do its job and Texans were left shivering in their homes without power. ERCOT leadership made assurances that Texas’ power infrastructure was prepared for the winter storm, but those assurances proved to be devastatingly false. The lack of preparedness and transparency at ERCOT is unacceptable, and I welcome these resignations. The State of Texas will continue to investigate ERCOT and uncover the full picture of what went wrong, and we will ensure that the disastrous events of last week are never repeated.”

### CONCLUSION

The 2021 Winter Weather Event has created economic uncertainty which places additional impediments to investing in the State of Texas’ energy markets. STAT asks the Commission to order that ERCOT remove the administrative price adders which set prices to \$9,000/MWh from the time the firm load shed instruction from ERCOT was reduced to zero on the grid. STAT also requests the Commission to direct ERCOT to include prices consistent with this Order back to 1:05 am (CT) on February 18, 2021, the time ERCOT removed the firm load shed instruction to the transmission and distribution utilities, in its upcoming resettlements of those operating days. In STAT’s opinion, immediate implementation of these measures are urgently needed in order to prevent irreparable harm associated with uplifts to the market from costs that are heavily disputed and also to begin to restore trust in the Texas electricity market.

STAT respectfully requests that the Public Utility Commission of Texas consider these matters in earnest and issue an Emergency Order accordingly. The Firm would welcome the opportunity to participate in further discussions regarding the issues raised in this Petition for Emergency Relief.

Respectfully Submitted,

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STAT Energy, LLC

Signature: Chad Starnes  
Chad Starnes (Mar 3, 2021 08:32 CST)

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# STAT Petition for Emergency Relief

Final Audit Report

2021-03-03

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