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RULEMAKING ESTABLISHING ELECTRIC WEATHERIZATION STANDARDS	**§ § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ONCOR ELECTRIC DELIVERY COMPANY LLC'S COMMENTS ON THE PROPOSAL FOR PUBLICATION FOR NEW 16 TAC § 25.55

Oncor Electric Delivery Company LLC (Oncor) files these comments on the Proposal for Publication for New 16 TAC § 25.55, as filed in this project on August 26, 2021 (Proposal for Publication). Oncor's comments are timely filed on or before September 16, 2021.

I. EXECUTIVE SUMMARY

Oncor provides the following executive summary of its comments as requested in the Proposal for Publication:

- Rule § 25.55(b) – The definition of "cold weather critical component" should be clarified to confirm that the term refers to generation unit tripping, derating, or failure to start. Likewise, the rule's scope should be clarified to expressly include components present in either high voltage switching stations and the transmission-voltage side of substations, but the rule should expressly exclude transmission lines and the distribution-voltage side of substations from its scope.
- Rule § 25.55(f) – Oncor supports the Commission's stated goal of implementing key recommendations from the 2011 FERC/NERC report for this upcoming winter season as a first phase of this rulemaking. Therefore, the Commission should defer implementing the additional requirements in subsections (f)(1)(A), (f)(1)(B) and (f)(1)(H) until the second phase of this rulemaking following completion of ERCOT's weather study. To accommodate the tight timing involved in the numerous trainings, preparedness activities and inspections that would have to take place prior to the rule's stated compliance report date, the Commission should consider moving the compliance report date back two weeks. This timing change would also increase the efficacy of the aforementioned activities, which are best performed at times closer to the anticipated winter weather season. ERCOT should also expeditiously draft and circulate its proposed report and attestation forms so that TSP compliance activities can be appropriately tailored to the governing language in the forms.

- Rule § 25.55(g) – Either in this subsection or in the definition of "inspection" in subsection (b)(5), the Commission should clarify the legal basis on which, and procedural requirements under which, it is effectively designating ERCOT as its agent for inspecting utility property. The Commission should also clarify that inspections would only apply to TSP-owned facilities within a station fence and that inspections should be done pursuant to the TSP's physical security plan as required by NERC reliability standards.
- If the Commission requires inspections of and weatherization standards for either transmission lines or for the distribution-voltage, "low-side" of TSP substations, then the vast scale of work that would be required to meet such a scope would make regulatory asset treatment appropriate for the resulting operations and maintenance (O&M) costs associated with such scope. No such treatment should be necessary for phase-one rule implementation if the scope of the rule excludes those facilities.
- The Commission should also exempt temporary transmission facilities, such as emergency installations and temporary bypass lines that are needed to maintain situational reliability and allow needed projects to proceed more quickly, from the requirements of this rule.

II. COMMENTS ON PROPOSED RULE § 25.55

Proposed § 25.55(b) – Definitions

- *Definition of "cold weather critical component" (Subsection (b)(1))*

"Cold weather critical component" is defined in terms of the component's susceptibility to freezing and its likelihood to lead to unit trip, derating, or failure to start. The Commission should clarify that "unit trip, derating, or failure to start" refers to a *generation* unit's tripping, derating, or failure to start.[1] This clarification will allow transmission service providers (TSPs) and the Electric Reliability Council of Texas (ERCOT) to better prioritize their inspections and winter weather preparation measures for critical transmission system components based on their likelihood to affect generation output.

As discussed below in more detail with respect to the "substation" terminology used in the proposed rule, the TSP station facilities most likely to impact generation are high voltage switching stations and the transmission-voltage-side of substations. The distribution-voltage, "low side" of

[1] A "failure to start," moreover, does not readily apply to transmission facilities such as lines or stations, whereas many generation units start and stop with some frequency.

load-serving substations are much less likely to lead to tripping, derating, or failure to start of generation units.

Oncor reads the definition of "cold weather critical component" to essentially exclude transmission lines because a line's supporting structures and conductors are made of solid materials that are not reasonably susceptible to freezing. This understanding is reinforced by some of the individual requirements in subsection (f) governing weather emergency preparedness reliability standards for transmission service providers. These requirements discuss particular facilities—such as substations, breakers, meters, transformers, other electrical equipment with pressure and temperature sensitivity or oil levels, fire protection systems—that do not apply to transmission lines. Additional clarity on the non-applicability of "cold weather critical component" with respect to transmission lines would provide needed certainty and allow TSPs to focus their preparedness activities on the station-related facilities that may have components susceptible to freezing with a likelihood to cause generation impacts.

For these reasons, the term "cold weather critical component" as applied to TSPs' facilities should be interpreted to refer to TSP-owned high voltage switching stations and the transmission voltage, "high side" of TSP-owned load-serving substations whose component freezing would likely lead to generation unit tripping, derating, or failure to start (*i.e.*, create a transmission issue directly leading to upstream generation constraints), and the Commission should specifically exclude the distribution-voltage portions of substations, as well as transmission lines, from this definition. This specificity will help ERCOT and TSPs tailor their inspections and preparedness measures to the right facilities. Oncor suggests revised language as follows:

> (1) **Cold weather critical component** – Any component that is susceptible to freezing, the occurrence of which is likely to lead to <u>generation</u> unit trip, derate, or failure to start. <u>For a transmission service provider, this term is limited to the transmission-voltage components owned by the transmission service provider within the fence surrounding a high voltage switching station or a substation.</u>

- *Definition of "Inspection" (Subsection (b)(5) or (g))*

Either in this subsection (b)(5) or in subsection § 25.55(g), the definition of "inspection" should be clarified to explicitly state that ERCOT's inspection authority under the rule derives from the Commission's statutory authority under PURA § 14.204, which allows the Commission to authorize an agent to "inspect the plant, equipment, and other property of a public utility within

its jurisdiction … at a reasonable time for a reasonable purpose."[2] Clearly stating the legal basis for this power may help ERCOT explain the source of its inspection authority to landowners or other stakeholders that will be impacted but are likely to be unaware of it.

Consistent with the due process considerations existing in PURA § 14.206,[3] ERCOT's inspection program should require that inspections occur at a reasonable time with reasonable advanced notice to the transmission service provider, including a reasonable opportunity to secure a representative and to notify other stakeholders, such as the landowners mentioned above. In the context of site visits, advanced notice also allows for reasonable coordination to ensure the safety of personnel, plant, and equipment.

The inspection process should also build in some protections to accommodate other legal requirements. For example, to the extent that the inspector wants to have access to a station that the utility has classified as a Medium Impact Bulk Electric System (BES) Cyber System under NERC's Critical Infrastructure Protection (CIP) standards, then the utility must ensure that the inspection is conducted in a manner that complies with its physical security plan. NERC Reliability Standard CIP-006-6 requires each Registered Entity to manage physical access to its High Impact and Medium Impact BES Cyber Systems through a physical security plan that supports the protection of those BES Cyber Systems against compromise that could lead to mis-operation or instability in the BES. To comply with CIP-006-6, each Registered Entity must have a documented security plan that addresses the Standard's applicable requirements, including (1) defined operational or procedural controls to restrict physical access to the BES Cyber Systems, (2) physical access controls, and (3) monitoring and alarming for unauthorized access through a physical access point into a Physical Security Perimeter. CIP-006-6 also requires each Responsible Entity to implement one or more documented visitor control program(s) that address each of the applicable requirement parts. Those programs must require (1) continuous escorted access of visitors (individuals who are provided access but are not authorized for unescorted physical access) within each Physical Security Perimeter, except during CIP Exceptional Circumstances and (2) manual or automated logging of visitor entry into and exit from the Physical

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[2] PURA § 14.204.

[3] PURA § 14.206 (requiring a Commission agent to provide reasonable notice to the public utility and conduct an inspection or other action during reasonable hours, with reasonable time for the utility to secure a representative, before an agent may enter the "premises occupied by a public utility to conduct an inspection [or other authorized action]").

Security Perimeter that includes date and time of the initial entry and last exit, the visitor's name, and the name of an individual point of contact responsible for the visitor, except during CIP Exceptional Circumstances. Accordingly, the rule should recognize that ERCOT inspections should comply with applicable NERC requirements, including a TSP's physical security plan for station access.

Proposed § 25.55(f) – Weather Emergency Preparedness Reliability Standards for a Transmission Service Provider

- *Deferred Implementation of Provisions Not Related to 2011 FERC/NERC Report's Key Recommendations (Subsections (f)(1)(A), (f)(1)(B) and (f)(1)(H))*

Oncor supports the rule's intended two-phase approach and the first-phase scope to address, for the 2021-2022 winter season, the key recommendations of the 2011 Report on Outages and Curtailments During the Southwest Cold Weather Event on February 1-5, 2011, jointly prepared by the Federal Energy Regulatory Commission (FERC) and the North American Electric Reliability Corporation (NERC).[4] Those key recommendations are substantively addressed in subsections (f)(1)(C) through (f)(1)(G) of proposed rule § 25.55. Therefore, subsections (f)(1)(A), (f)(1)(B) and (f)(1)(H) appear better suited for possible implementation in the second phase of the rule after ERCOT completes its weather study.

This deferred approach likely would allow time to consider more specific requirements for particular components—including clarity on the distinction between minimum design and minimum operating temperatures—rather than the broader language currently contained in subsections (f)(1)(A), (f)(1)(B) and (f)(1)(H). Deferring implementation of the concepts contained in subsections (f)(1)(A), (f)(1)(B) and (f)(1)(H) until the second phase of the rule following ERCOT's weather study would also allow for the crucial process of determining whether the requirements they contain would either conform to, or exceed, existing industry standards such as the National Electric Safety Code (NESC) or similar sources. In particular, the references in subsections (f)(1)(B) and (f)(1)(H) to both minimum design temperatures and minimum operating temperatures for transmission facilities appear difficult to implement now without ERCOT's weather study. For example, subsection (f)(1)(B) appears to imply that each TSP substation must ensure operation within the design and operating limitations in subsection (f)(1)(H), including both minimum design temperatures and minimum operating temperatures. But stations themselves do

[4] *See* Proposal for Publication at 1-2.

not have minimum design or operating temperatures *per se*; rather, individual components within a station have minimum operating temperatures that vary based on the particular industry standards applicable to each component.

Accordingly, the Commission should defer implementation of the concepts contained in subsections (f)(1)(A), (f)(1)(B) and (f)(1)(H) until phase two of the rule, following completion of ERCOT's weather study, to allow time for analysis of how that study's findings and conclusions should apply in light of each station component's existing minimum operating temperature requirements.

- *Clarification on Rule's Applicability to "Substations" And/or "High-Voltage Switching Stations" (Subsections (f)(1)(B) and (H))*

Certain provisions of the proposed rule specify actions to be taken on "substations."[5] The term "substation" within the electric industry is fraught with ambiguity, as different industry participants often use different terminology with respect to electric stations.[6] For example, in 16 TAC § 25.101(c)(2), the Commission uses two terms to describe stations in the context of certification exemption: "high voltage switching stations" and "substations." The Commission should provide additional guidance on this issue to ensure ERCOT and all TSPs understand the intended scope of this term in this context.

Clarification of this term's intended scope will greatly assist ERCOT and TSPs in prioritizing facility inspections and preparedness measures. For example, Oncor has over 800 load-serving substations and over 300 high voltage switching stations, for a total of over 1,100 stations. Substations step down transmission level voltage to distribution voltage and serve local load areas; therefore, they have a transmission-voltage "high side" and a distribution-voltage "low side." Switching stations—which generally involve generation interconnections, networking of TSP transmission lines, interconnections between TSPs, and service to high-voltage retail customers (*i.e.*, stations that do not involve distribution-voltage facilities)—have far more impact on the regional transmission grid.

Based on the definition of "cold weather critical component" and Oncor's understanding that this definition is meant to assess components with likelihood to lead to generation unit tripping, derating or failure to start, the rule's intended scope seems directed to a TSP's station

[5] *See, e.g.,* 16 TAC § 25.55(f)(1)(B) and (f)(1)(H).

[6] *See generally PUC Rulemaking Regarding the Review and Approval of Substations*, Project No. 48251 (various commenters discussing different terminology used to describe types of station facilities).

components potentially affecting those facilities. In other words, the rule appears intended to apply to the transmission-voltage portions of electric stations.[7] As currently written, however, the rule could be interpreted to apply to the distribution voltage, "low side" of load-serving substations. Such a result would seem contrary to the apparent intent of ensuring cold weather preparations for transmission facilities of transmission service providers. Such a broad interpretation would also increase compliance costs substantially on both ERCOT and TSPs if the rule were interpreted so broadly. In that situation, regulatory asset treatment for increased preparedness and inspection costs would be appropriate, as discussed below.

Transmission-voltage switching stations and substations, not the distribution-voltage side of substations, should be the focus of this rule. Commission clarification on this point would greatly help TSPs and ERCOT focus their winterization efforts and inspections on the areas and facilities that are likely to have the greatest grid impact.

- *December 1, 2021 Deadlines (Subsections (f)(1) and (f)(2))*

The proposed rule's anticipated date of adoption in mid-October 2021 and its stated deadline of December 1 to complete the winter weather preparations listed, file a report and submit a supporting affidavit, will create very tight timing challenges. Oncor (and likely other TSPs) will have to conduct the necessary training and begin the inspections contemplated in the proposed rule prior to its expected effective date in order to have a reasonable chance of complying with these deadlines in the approximately 45-day window between the anticipated rule adoption date and the mandated compliance deadline.

Another point the Commission should consider is that particular inspection items listed in subsections (f)(1)(E)-(F) will be most effective when performed closer to expected cold weather temperatures or other extreme winter weather. For example, performing station inspections in mid-October for winter weather that may not be expected to occur by December 1 could make early inspections less effective. Shifting the anticipated inspections schedule to better align with time periods immediately before likely winter weather occurrences would provide a more optimal combination of inspection scheduling and expected efficacy. Therefore, any timing flexibility that could be incorporated into the rule (e.g., an additional two weeks to perform the inspections and

[7] This understanding would also align with ERCOT Nodal Protocols Section 2 specifically defining "Transmission Facilities" to include only "[s]ubstation facilities on the high side of the transformer, in a substation where power is transformed from a voltage higher than 60 kV to a voltage lower than 60 kV or is transformed from a voltage lower than 60 kV to a voltage higher than 60 kV."

submit the required report, with new deadlines of December 15 rather than December 1) would enhance the expected benefits of these requirements.[8]

- *ERCOT's Winter-Weather Readiness Report and Attestation Forms (Subsection (f)(2))*

ERCOT should, in consultation with Commission Staff, expeditiously adopt the winter-weather readiness report form and attestation form contemplated in new rule § 25.55(f)(2). This will help ensure TSP compliance efforts best align with the precise language governing reporting requirement expectations.

Proposed § 25.55(g) – Inspections for a Transmission Service Provider

To better delineate the type and scope of facilities subject to these requirements, the Commission should adopt the following clarification of ERCOT's inspection authority by adding new subsection (g)(3) as follows: "(3) Inspections of the transmission system and transmission facilities required under this section are limited to facilities owned by the transmission service provider within a transmission service provider's station fence." This language will help clarify three important items: (1) transmission lines are not the focus of these winter weather inspections because, as noted above, they do not have cold weather critical components; (2) the common sense demarcation point between transmission lines and station facilities, for purposes of this rule, should occur at the fence surrounding the station; and (3) TSPs are responsible only for the facilities and systems that they own.

As discussed above, either the definition of "inspection" in subsection (b)(5) or the provisions of this subsection should clarify that ERCOT's inspection authority arises from its designation as a Commission agent under PURA §§ 14.204 and 14.206 and should be done pursuant to NERC reliability standards and a TSP's physical security plan implementing those requirements.

Proposed § 25.55(h) – Weather-Related Failures by a Transmission Service Provider to Provide Service

Oncor has no comments on this subsection of the proposed rule.

[8] If the Commission adjusts TSP deadlines to a date later than December 1, it should similarly adjust ERCOT's summary report deadline contained in rule subsection (f)(3).

Suggested New Rule Subsection – Potential Regulatory Asset Treatment for Non-Capitalized Expenses of a Transmission Service Provider

Depending on the Commission's clarified scope of the rule's applicability, it may be appropriate to allow TSPs to book additional, non-capitalized costs associated with rule compliance in a regulatory asset that would be preserved for review in a future base rate proceeding. If the rule is limited to transmission-voltage station facilities and confirms that transmission line facilities are excluded from its scope, then no such regulatory asset treatment would be necessary. If, however, the rule extends to all distribution-voltage station facilities and/or transmission lines, then ERCOT and TSP compliance and inspection costs would greatly increase, and in that situation regulatory asset treatment for TSPs would be appropriate due to the scale of the new costs that the rule would impose.

Suggested New Rule Subsection – Exemption for Temporary Transmission Facilities

In order to avoid possible unintended consequences of mandating weatherization requirements for emergency installations of transmission facilities [9] or intentionally non-permanent transmission facilities such as temporary bypass lines, the Commission should exempt these facilities from the rule's requirements. Accordingly, Oncor suggests the following language:

> **Exemption for Temporary Transmission Facilities.** This section does not apply to: (1) temporary transmission facilities a transmission service provider installs due to an emergency, such as interim repairs or temporary rebuilding of transmission facilities following an outage event; or (2) temporary transmission facilities a transmission service provider installs to provide service on a temporary basis, such as temporary bypass lines that may be installed to help provide, maintain, or establish service during construction of permanent transmission facilities.

III. CONCLUSION

Oncor appreciates the opportunity to comment on the Proposal for Publication and encourages the Commission to adopt revisions to proposed rule 16 TAC § 25.55 consistent with these comments.

[9] *See, e.g.,* 16 TAC § 25.83(d) (discussing repair or reconstruction of a transmission facility due to emergency situations).

Respectfully submitted,

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