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**POWER OUTAGE ALERT
CRITERIA**

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**BEFORE THE
PUBLIC UTILITY
COMMISSION OF TEXAS**

**VISTRA CORP. RESPONSE TO REQUEST
FOR COMMENTS ON POWER OUTAGE ALERT CRITERIA**

TO THE PUBLIC UTILITY COMMISSION OF TEXAS:

Vistra Corp. (Vistra), on behalf of its subsidiary jurisdictional entities, files the following comments in response to the Public Utility Commission of Texas (Commission) Staff's July 30, 2021 Request for Comments on Power Outage Alert Criteria. These comments are timely filed.¹

I. EXECUTIVE SUMMARY

Vistra supports the Commission's efforts to create criteria for effective communication of potential power outages in accordance with the Legislature's directives in Senate Bill No. 3 (SB 3) and considering lessons learned from Winter Storm Uri.² The power system is designed to avoid shedding load in almost every scenario, which should make the expectation of inadequate generation to meet demand exceptionally infrequent. Thus, while it is important to broadly communicate to Texans if there is a reasonably certain expectation of power outages, the power outage alerts should be designed to be used only during those very rare circumstances. And the alert messaging should focus on public safety considerations related to the potential power outage.

Demand response is an important tool to manage peak load events, but overuse of uncompensated and unpriced demand response would be disruptive to the ERCOT energy and ancillary services markets. Conservation alerts set in motion the conditions that can lead to such uncompensated and unpriced demand response. The suppressive effects on pricing can undermine the economic fundamentals of the ERCOT market, so alerts must be used carefully to avoid unintended or unhelpful outcomes. The Commission should be mindful that every State request for demand response (e.g., conservation) not only interferes with the market's economics, but also

¹ *Request for Comments on Power Outage Alert Criteria* (July 30, 2021) (setting deadline for comments by August 13, 2021).

² 87th Tex. Leg., R.S., SB 3, § 1 (effective Jun. 8, 2021).

contributes to potential customer alert fatigue and, therefore, makes market-compensated demand response less effective and less valuable. These deleterious effects could be exacerbated if the power outage alerts do not precede actual power outage conditions, and the public comes to view them as “false alarms.” Vistra looks forward to engaging on the Commission’s demand response-focused questions in the appropriate forum, and raises this concern in the context of ensuring that power outage alerts are rare but effective public safety notices and not over-used to encourage demand response when a true resource inadequacy risk does not exist.

As requested by Commission Staff, here is a bulleted executive summary of Vistra’s comments:

- Power outage alerts should be used only during very rare circumstances when there is reasonable certainty of load shed occurring.
- Conservation alerts can lead to uncompensated and unpriced demand response that suppresses market-based pricing, undermining economic fundamentals of the market. Thus, alerts must be used carefully to avoid unintended or unhelpful outcomes.
- The Power Outage Alert system should notify customers if ERCOT’s forecast demonstrates reasonable certainty that loss of load is expected for customers because of inadequate generation supply across the system or regionally.
- A power outage alert should be triggered only when there is a greater than 50% chance that load will exceed available generation (including reserves) in any hour the following day based on median weather and load forecasts.

II. RESPONSE TO STAFF QUESTIONS

QUESTION: Government Code § 411.301(a) states the alert should "be activated when the power supply in this state may be inadequate to meet demand." Should the Public Utility Commission of Texas interpret this to mean that an alert will be activated when there is inadequate system-wide power supply to meet system-wide load demand? Should the commission also interpret this to mean that an alert will be activated when there are regional constraints that only restrict power supply to certain regions?

Section 411.301(b) of the Texas Government Code, which creates the requirement for the Commission to promulgate rules to implement the Power Outage Alert process, specifies that “[t]he criteria must provide for an alert to be regional or statewide.” Vistra interprets that phrase

to mean that the Power Outage Alert should be designed to notify customers if ERCOT's forecast demonstrates with reasonable certainty that loss of load is expected for customers because of inadequate generation supply, in situations where the load shed is expected to occur across the system or in situations where load shed is expected to occur regionally. That said, it is exceptionally rare that load shed is expected because of inadequate generation, either regionally or on a state-wide basis, and the power outage alerts should likewise be rare and premised on a high likelihood of occurrence in order to make them effective. If issued too often, in situations where there is no real certainty regarding expected load shed, the public will begin to become desensitized to the alerts and thus begin to disregard them, rendering them ineffective.

QUESTION: Government Code §411.301(b) states, "The criteria must provide for an alert to be regional or statewide." How should the different regions be defined?

There is no need to define regions prospectively. If ERCOT's forecast demonstrates with reasonable certainty that loss of load is expected for any customers because of inadequate generation supply, the affected region should be defined by the constraint. Customers likely to be impacted can be notified by targeting the alert to, for example, localized zip codes.

QUESTION: Government Code §411.301(b) states, "The Public Utility Commission of Texas by rule shall adopt criteria for the content, activation, and termination of the alert." At what threshold should the commission choose for the alert to be activated? Terminated? What content would be the most helpful for inclusion in the alert?

A power outage alert should be triggered only when there is reasonable certainty that loss of load is expected for customers because of inadequate generation. ERCOT uses a range of weather, wind, solar, and load forecasts to form its view of expectations for near term operations. Those forecasts get more accurate as the operating hour approaches. Vistra advises that power outage alerts **not** be triggered by low probability, extreme forecasts, nor by forecasts that are too far in advance. Because power outage alerts will be very alarming and disruptive for Texans, it is imperative that they not be overused.

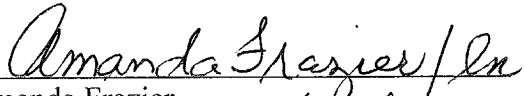
Moreover, if power outage alerts are used too frequently, Texans may come to ignore them, making them an ineffective tool. ERCOT already has tools, such as conservation notices, that are used to solicit broad-based demand response. Power outage alerts therefore should reflect a high probability of occurrence and have a focus on public safety.

As a starting point, Vistra recommends that power outage alerts be triggered only when there is a greater than 50% chance that load will exceed available generation (including reserves) in any hour the following day based on median weather and load forecasts. As the Commission develops more fully specified parameters for power outage alerts and considers potential behavioral adaptations to them, this proposed threshold may be too low or need to take other factors into account. But Vistra believes that a greater than 50% probability is a reasonable starting point.

Power outage alerts should be terminated at the end of the forecasted shortage hour(s), so long as there are no further projected hours of supply inadequacy the following operating day, using the same parameters used to trigger the power outage alert.

Dated August 13, 2021

Respectfully submitted,


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