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APPLICATION OF THE ELECTRIC	§	BEFORE THE
RELIABILITY COUNCIL OF TEXAS,	§	
INC. FOR A DEBT OBLIGATION	§	PUBLIC UTILITY COMMISSION
ORDER UNDER PURA CHAPTER 39,	§	
SUBCHAPTER M, FOR REQUEST	§	OF TEXAS
FOR A GOOD CAUSE EXCEPTION	§	

**LOWER COLORADO RIVER AUTHORITY AND LCRA WSC ENERGY’S
POST-HEARING BRIEF**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Lower Colorado River Authority and LCRA WSC Energy (collectively LCRA) timely file this initial post-hearing brief and respectfully show as follows:

I. INTRODUCTION

LCRA participates in the Electric Reliability Council of Texas (ERCOT) wholesale market, serving as a Qualified Scheduling Entity (QSE) on behalf of its wholesale customers and as a Congestion Revenue Right Account Holder (CRR Account Holder). LCRA supports the proposed PURA Chapter 39, Subchapter M debt obligation order in that it serves the public interest and preserves the financial integrity of the ERCOT market by: 1) allowing short-paid market participants to be compensated in a more timely manner; 2) replenishing portions of the financial revenue auction receipts temporarily used by ERCOT; and 3) allowing market participants to pay some of the amounts owed to ERCOT by defaulting market participants over time, consistent with PURA § 39.601(b). Nevertheless, the financing order and its implementation are unprecedented and demand a heightened level of Commission’s engagement to ensure that the public interest and financial integrity of the ERCOT market is maintained.

II. FINANCIAL INTEGRITY OF ERCOT REQUIRES COMMISSION MONITORING

ERCOT acknowledges that after financing \$800 million under HB 4492 and disbursing such amounts to short-paid competitive market participants, the \$600 million in Congestion Revenue Right Auction (CRR Auction) funds that ERCOT temporarily used to compensate short-paid market participants will not be fully replenished.¹ ERCOT also recognizes that the current Congestion Revenue Rights account fund balance is lower than what is required by ERCOT standards.² Further, ERCOT admits that if it stopped receiving new CRR Auction monies, then, within six months, it would not be able to make payments.³ ERCOT states that CRR Auction revenue distributions are relied upon by load serving entities and recipients could be short paid.⁴ This poses a liquidity problem for ERCOT and a potential disruption to the financial integrity of the ERCOT market.

To address confidence levels in the ERCOT market and provide adequate liquidity to pay CRR Auction revenue recipients, the Commission order should include the following directives:

- 1) ERCOT shall provide quarterly reports to the Commission on the CRR Auction revenue fund and reserve calculation, with the subsequent quarter's forecasted monthly revenue receipts and projected monthly distribution amounts.
- 2) After closing on the proposed PURA Chapter 39, Subchapter M debt obligations, but prior to distribution of the proceeds, ERCOT shall report on the adequacy of the CRR Auction revenue funds and provide a plan for replenishment of any amounts necessary to meet the ERCOT requirements, to be fully replenished within a twelve-month period.

¹ Taylor Rebuttal 18; 13-15.

² Tr. 78; 17-19.

³ Tr. 78; 23-25.

⁴ Tr. 93; 14-20.

3) ERCOT shall implement a plan to replenish the funds within a three-month period if, at any time within the reporting period, the CRR Auction fund levels are not adequate to pay the CRR net revenue distribution amounts under ERCOT Nodal Protocols § 7.5.7. ERCOT's plan may include revisions to the current protocols allowing for additional uplift amounts under § 9.19.1(4) for the limited purpose of replenishing the CRR auction revenue funds to meet ERCOT reserve requirements.

Additionally, the Commission should address the financial integrity of the ERCOT market and Proposed PURA Chapter 39, Subchapter M implementation by directing ERCOT to provide third-party verifications of the allocations and collection of Default Charges⁵ on a quarterly basis.

III. CONCLUSION AND PRAYER

LCRA respectfully requests that the Commission approve the debt obligation order with the directives identified and listed above. The directives will require ERCOT to engage the Commission on a periodic basis to ensure that the public policy purpose of the debt obligation order is met.

⁵ The Default Balance is defined by PURA to include: (1) amounts owed to ERCOT by competitive wholesale market participants from the Period of Emergency that otherwise would be or have been uplifted to other wholesale market participants; (2) financial revenue auction receipts used by ERCOT to temporarily reduce amounts short-paid to wholesale market participants related to the Period of Emergency; and (3) reasonable costs incurred by a state agency or ERCOT to implement a debt obligation order, including the cost of retiring or refunding existing debt. PURA § 39.602(1).

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served to all parties of record in this proceeding in accordance with the Commission's order in Docket No. 50664 suspending 16 TAC § 22.74 on this 1st day of September, 2021.



Emily R. Jolly