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**PROJECT NO. 52373**

**REVIEW OF WHOLESALE ELECTRIC MARKET DESIGN** §  
§  
§ **BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

**PROJECT NO. 52268**

**CALENDAR YEAR 2021 – WORKSHOP AGENDA ITEMS WITHOUT AN ASSOCIATED CONTROL NUMBER** §  
§  
§ **BEFORE THE PUBLIC UTILITY COMMISSION OF TEXAS**

**ONCOR ELECTRIC DELIVERY COMPANY LLC’S  
COMMENTS REGARDING DC TIES**

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

Oncor Electric Delivery Company LLC (“Oncor”) files these comments in response to the memorandum posing questions for comment filed in these projects by the Public Utility Commission of Texas (“Commission”) on August 3, 2021.

**I. INTRODUCTION**

Oncor appreciates the opportunity to provide these comments for the Commission’s consideration. Oncor is not addressing at this time the questions specifically regarding wholesale market design that were the primary focus of the memorandum posing questions for comment.<sup>1</sup> However, we take this opportunity to highlight the related issues mentioned at the end of that memorandum associated with direct current (“DC”) ties. The memorandum seeking comments in these projects notes that DC ties will be discussed at the September 2, 2021 open meeting. The topic was also briefly discussed at the Commission’s July 26, 2021 work session. Oncor does not intend for these comments to be an exhaustive discussion of all of the issues pertaining to DC ties, but there are certain threshold jurisdictional and operational issues that the Commission should carefully weigh as it evaluates how and whether DC ties with adjoining power regions should be utilized as a potential tool to address energy emergencies, including generation shortages, within the Electric Reliability Council of Texas, Inc. (“ERCOT”) power region.

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<sup>1</sup> *Calendar Year 2021 – Workshop Agenda Items Without an Associated Control Number*, Project No. 52268, Memorandum from Connie Corona, Deputy Executive Director, to Commissioners and Interested Parties (Aug. 3, 2021); *Review of Wholesale Electric Market Design*, Project No. 52373, Memorandum from Connie Corona, Deputy Executive Director, to Commissioners and Interested Parties (Aug. 3, 2021).

## II. DC TIE OVERVIEW

There are two high-voltage DC ties that connect ERCOT and the Southwest Power Pool (“SPP”)—the North DC Tie near Oklaunion and the East DC Tie near Monticello. Oncor owns a partial interest in the East DC Tie, which Southwestern Electric Power Company operates. There are also two high-voltage DC ties that connect ERCOT and the eastern portion of the electric grid in Mexico that is operated by the Comisión Federal de Electricidad (“CFE”)—the Railroad DC Tie and the Laredo DC Tie.<sup>2</sup> Additionally, while not yet commercially operational, the Southern Cross Transmission LLC DC Tie (to be located in Louisiana) will connect ERCOT to the SERC power region (“SERC”) once the City of Garland (“Garland”) constructs and energizes the interconnecting transmission line, assuming satisfaction of the conditions set by the Commission’s order approving Garland’s certificate of convenience and necessity.<sup>3</sup>

## III. JURISDICTIONAL ISSUES ASSOCIATED WITH DC TIES

ERCOT’s unique jurisdictional status and the potential of triggering Federal Energy Regulatory Commission (“FERC”) jurisdiction over ERCOT should be in the foreground of all discussions that involve a potential expansion or use of the DC ties to avoid or mitigate events like Winter Storm Uri. Since the enactment of the Federal Power Act<sup>4</sup> (“FPA”), ERCOT has been operated in a manner that permits the region to remain exempt from plenary federal jurisdiction. While the current DC ties between ERCOT and adjoining regions allow electricity to flow between ERCOT and SPP or ERCOT and Mexico, these interconnections have been implemented and the transmission of electricity over those interconnections has been authorized by FERC, under Sections 210, 211, and 212 of the FPA<sup>5</sup> or through FERC disclaimers of jurisdiction. Importantly, these authorizations will not cause an entity participating in the interconnection and/or service associated with those ties to become a “public utility” under the FPA (and thus subject to plenary jurisdiction under the FPA).

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<sup>2</sup> See ERCOT DC-Tie Operations at § 1.3 (Jul. 31, 2020) (available at: <http://www.ercot.com/mktrules/guides/procedures>; last accessed on Aug. 13, 2021).

<sup>3</sup> *Application of the City of Garland to Amend a Certificate of Convenience and Necessity for the Rusk to Panola Double-Circuit 345-kV Transmission Line in Rusk and Panola Counties*, Docket No. 45624, Order on Rehearing (May 23, 2017). Oncor is not aware of the construction status of the other necessary facilities in Louisiana and Mississippi.

<sup>4</sup> 16 U.S.C. §§ 791 et seq.

<sup>5</sup> 16 U.S.C. §§ 824i, 824j, 824k.

Additionally, FERC has to-date determined that the DC ties between ERCOT and Mexico provide purely an international (not interstate) flow of power; therefore, these DC ties do not trigger plenary jurisdiction under the FPA. Note, however, that the Mexican government has announced plans to interconnect the two currently disconnected parts of the Mexican power grid, a change that could ultimately allow electrons to flow from California to Texas, thus endangering the jurisdictional status of ERCOT.<sup>6</sup> So, even with the interstate connections, caution and careful monitoring are required.

It is also important to distinguish block load transfers, in which load is completely disconnected from its normal grid and temporarily connected to a neighboring grid, from DC ties. FERC has granted at least one order allowing for a block load transfer for emergency purposes. The City of College Station, Texas applied for and received authorization for its load in ERCOT to be connected to SERC (a distinct power region that is electrically isolated from ERCOT) in the event of a prolonged outage due to a declared emergency, with the goal of allowing faster service restoration.<sup>7</sup> FERC granted this emergency-only service for an isolated portion of load within ERCOT, and it did not allow for a synchronous interconnection between ERCOT and SERC because the College Station load is required to be disconnected from the rest of ERCOT before any emergency transmission service is provided to it from an entity within SERC.<sup>8</sup> FERC explained that this complete isolation of the load before taking emergency service “assured that ERCOT’s jurisdictional status will not be jeopardized by any of the interconnection or transmission services directed by or contemplated in this order.”<sup>9</sup> Other temporary block load transfers also have occurred within Texas between ERCOT and adjacent power regions for limited emergency circumstances but similarly did not involve synchronous interconnection between regions.

#### **IV. OPERATIONAL ISSUES ASSOCIATED WITH DC TIES**

In addition to the critically important considerations implicated by FERC jurisdiction, there are also operational concerns with the use of DC ties during energy emergency conditions. For example, only hours after ERCOT started to shed load on February 15, 2021, the DC ties between

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<sup>6</sup> See *AEP Energy Partners, Inc.*, 164 FERC ¶ 61,056 at P 4 (2018).

<sup>7</sup> See *City of College Station, TX*, 137 FERC ¶ 61,230 at P 3 (2011).

<sup>8</sup> See *id.* at P 30.

<sup>9</sup> *Id.* at P 32.

ERCOT and the Mexican electric grid operated by CFE became unavailable due to a blackout in northern Mexico. CFE was unable to provide any energy to ERCOT during this critical time period. In addition, SPP experienced its own generation shortages during the winter storm,<sup>10</sup> ultimately leading to the need for SPP to shed 610 megawatts (“MW”) of load on February 15, 2021, and 2,718 MW of load on February 16, 2021.<sup>11</sup> Even after load shed stopped on February 16, SPP declared heightened levels of energy emergency alerts during the next three days.<sup>12</sup> As a result, SPP, which is “[u]sually a net exporter of energy . . . relied significantly on imported energy to serve load during the winter event, with net amounts exceeding 6,000 megawatts (MW) at times.”<sup>13</sup> While SPP’s ability to import power from other regions during the storm proved beneficial to SPP, it also reveals that there was limited benefit to ERCOT from ERCOT’s DC ties into SPP. In fact, the North and East DC Ties connecting SPP to ERCOT were curtailed at times during the winter storm due to emergency conditions within SPP.<sup>14</sup> The DC ties can only be used to import power from other regions to the extent those neighboring regions have power to spare.<sup>15</sup> In scenarios like Winter Storm Uri, ERCOT’s neighboring regions such as Mexico, and to a lesser extent SPP, did not have surplus power to provide to ERCOT, given that those regions were experiencing generation shortages themselves.

Finally, except for cases of extreme emergencies, the DC ties are intended to be used for commercial transactions, so that market participants can make investment decisions regarding the highest and best use of the capacities of the ties, and power produced in one region can be sold into neighboring energy markets. The DC ties can be used in times of energy emergencies, but commercial commitments will be an additional consideration and possible limiting factor.

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<sup>10</sup> *Issues related to the State of Disaster for the February 2021 Winter Weather Event*, Docket No. 51812, Memo to Commissioners Regarding SPP & MMU Reports (Jul. 28, 2021) (attaching SPP’s comprehensive report titled, “A Comprehensive Review of Southwest Power Pool’s Response to the February 2021 Winter Storm,” published on July 26, 2021 (the “SPP Report”)); see SPP Report at 8.

<sup>11</sup> SPP Report at 35-37.

<sup>12</sup> SPP Report at 39.

<sup>13</sup> SPP Report at 9.

<sup>14</sup> SPP Report at 68.

<sup>15</sup> See the Coordination Plan of ERCOT and SPP entered on or around April 26, 2019 (available at: [http://www.ercot.com/content/wcm/key\\_documents\\_lists/90055/ERCOT-SPP\\_Coordination\\_Plan\\_FINAL.pdf](http://www.ercot.com/content/wcm/key_documents_lists/90055/ERCOT-SPP_Coordination_Plan_FINAL.pdf); last accessed on Aug. 13, 2021), which states on page 4 that with respect to provision for emergency energy over the DC ties, “[i]n the event both Parties experience a simultaneous Emergency Condition, the Parties recognize that no emergency energy may be available” and that curtailment may occur.

Importantly, the transmission infrastructure in the power regions adjacent to ERCOT has not been designed to provide substantial power imports to ERCOT.

## V. CONCLUSION

Oncor appreciates the opportunity to provide these comments regarding the DC ties for the Commission's consideration.

Respectfully submitted,

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