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VIA ELECTRONIC SUBMISSION

Chairman Peter Lake
Commissioner McAdams
Commissioner Cobos
Commissioner Glotfelty
Commissioner Jackson
Public Utility Commission of Texas
1701 N. Congress Avenue
P.O. Box 13326
Austin, TX 78711-3326

Re: PUC Project No. 52373, *Review of Wholesale Electric Market Design* Re: Second Procurement of Firm Fuel Supply Service (FFSS) Product

Dear Chairman and Commissioners:

I appreciate the tremendous effort that you have put into the rapid development and implementation of the Firm Fuel Supply Service (FFSS) to ensure additional grid reliability and resiliency during extreme weather conditions, as well as directing ERCOT's work on the expansion of eligibility for Phase 2 of the program to include a broader range of Generation Resources.

With the first deployment of FFSSRs during Winter Storm Elliott in the books, I am writing to encourage the Commission to consider the inclusion of distributed generation (DG) assets that are backed by firm supply and delivery of natural gas an eligible resource type in the next iteration of the FFSS program, as these resources allow for greater reliability to the grid and consumers.

Inclusion of Settlement Only Distributed Generators (SODGs)

The Commission should direct ERCOT to expand FFSS eligibility requirements to include Settlement-Only Distributed Generation (SODG) that is committed to perform through ERCOT's



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Emergency Response Service (ERS). ERCOT has noted SODGs are not easily integrated into the FFSS program because they are not currently required to register with ERCOT as a Resource, while the FFSS program is currently structured for Resources. ERCOT also asserts that SODGs are not dispatchable by ERCOT and thus would not satisfy the requirements of PURA § 39.159(c)(1). However, ERCOT is operating the FFSS program based on Verbal Dispatch Instructions (VDI), like ERS, so it is unnecessary for the program to be limited to Resources that are dispatchable via Security Constrained Economic Dispatch (SCED). SODGs are obligated to respond to ERCOT dispatch to participate in ERS. SODG in ERS can bring more economic MWs of firm fuel resources into the FFSS program and provide dependable reliability and resiliency support to the grid consistent with the goals set out by Senate Bill 3 (SB3). This approach would also be consistent with the Commission's policy to utilize ERS in advance of energy emergencies.

For example, during the 8-day Winter Storm Uri event, Enchanted Rock's fleet of over 500 MW of SODG operated at an extremely high level of reliability. When 143 of our customers would have experienced extended grid outages, our resources leveraged the inherent resilience of the underground natural gas LDC infrastructure to maintain electric service, covering approximately 5,000 outage hours. Further, Enchanted Rock's DER fleet was largely unaffected by the gas pressure issues on the transmission level because the units operate at full load with gas pressures as low as 5 psi.

Further, during the recent Winter Storm Elliott, Enchanted Rock operated commissioned front-of-meter and behind-the-meter microgrids in ERCOT and MISO at 281 gas sites, which were supported by over 884 gas-powered generator units. These units were over 98% available during the two-week period from December 19 to 31, and 97.3% available during the critical December 23 day. Enchanted Rock backed up 100% of resiliency customers' load over 46 utility separate outages, with the longest being 5+ hours and with 21 outages alone on December 22. Due to regional market conditions, Enchanted Rock operated the majority of sites to provide up to 500MW of fast start dispatchable capacity for 7-10 critical hours depending on zone, primarily on Dec 23. Fuel supply disruptions and extreme cold did not disrupt Enchanted Rock's operations, which absolutely satisfies SB3's direction to qualify "fuel supply arrangement to ensure winter performance for several days."

Qualifying Pipeline Definition

At this time, only offers for natural gas Generation Resources with specific reserve fuel capabilities are eligible for the FFSS procurement. Under the current framework, intrastate gas utility pipelines that serve human needs customers are not eligible to be Qualifying Pipelines as a result of the Curtailment Rule. Railroad Commission staff maintain that including electric generation facilities as high priority under the Curtailment Rule "would place too many

customers in the top priority and risk curtailment of residential natural gas customers.”¹ I would like to echo ERCOT’s assertion that while reducing risk of curtailment of natural gas service to human needs customers is important, those customers need both gas and electricity. The goal of the FFSS program is not to work around fuel constraints but to incentivize investment in firming of fuel supplies. Inclusion of these intrastate facilities may help drive needed investment to ensure firm operations of gas supply to human needs customers and the electric generation that is needed to serve those same customers.

I would like to further echo comments from other stakeholders such as Kinder Morgan, Inc. and Enterprise Products Operating, LLC and support expanding the definition of “Qualifying Pipeline” to include intrastate gas utility pipelines serving human needs customers or local distribution systems, as contracting with the local distribution companies (LDCs) did not prevent Enchanted Rock from meeting the needs of its customers during both Winter Storms Uri and Elliott and thus poses little to no reliability risk. Furthermore, the Commission should strongly consider expanding the current definition of “Qualifying Pipeline” and including fuel supply arrangements consisting of off-site storage with firm transportation contracts as eligible entities in the second FFSS RFP to ensure that Texans can keep the power on.

As the Commission continues to move forward with Project 53298 and related efforts, Enchanted Rock is committed to providing assistance and input on the FFSS effort to ensure improved grid reliability and stability. Keeping the lights on for Texans is as central to our business model as it is a goal of the Commission, and we are ready to provide any help we can.

Sincerely,



Joel Yu
Vice President, Policy
Enchanted Rock, LLC
Jyu@enchantedrock.com

Cc: Tara Rejino, Chief of Staff
Creighton McMurray, Advisor and General Counsel
Tiffany Wu, Advisor
Jon Oliver, Chief of Staff
V.A. Stephens, Chief of Staff
Jennifer White, Chief of Staff

¹ <https://www.rrc.texas.gov/media/314bakuf/adopt-amend-7-455-repeal-7-305-sig041222.pdf>.

