



## Filing Receipt

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**PUC DOCKET NO. 52689**

<b>EXPEDITED PETITION OF</b>	<b>§</b>	<b>BEFORE THE</b>
<b>CENTERPOINT ENERGY HOUSTON</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>ELECTRIC, LLC FOR APPROVAL OF</b>	<b>§</b>	<b>OF TEXAS</b>
<b>INTERIM LOAD MANAGEMENT</b>	<b>§</b>	
<b>PROGRAMS FOR NONRESIDENTIAL</b>	<b>§</b>	
<b>CUSTOMERS AND FOR AN</b>	<b>§</b>	
<b>ACCOUNTING ORDER</b>	<b>§</b>	

**TEXAS COMPETITIVE POWER ADVOCATES' SUPPLEMENTAL  
STATEMENT OF POSITION**

**I. INTRODUCTION**

Intervenor Texas Competitive Power Advocates (TCPA) is a trade association representing power generation companies and wholesale power marketers with investments in Texas and ERCOT's wholesale electric market. TCPA members and their affiliates provide a wide range of important market functions and services in ERCOT, including the development, operation, and management of power generation assets, the scheduling and marketing of power, the provision of energy management services, and sales of competitive electric service to consumers. TCPA members provide nearly ninety percent of the non-wind electric generating capacity in ERCOT, represent billions of dollars of investment in the state, and employ thousands of Texans.

TCPA recognizes the desire to secure all possible resources to insure against any possibility of a repeat of the issues seen in February 2021. TCPA believes that it is important for all reliability services to be incorporated into market prices to ensure that these services do not have unintended consequences of depressing market scarcity pricing signals in a manner that could ultimately deter market investment and contribute to prolonged resource adequacy challenges. To address this critical issue, ERCOT adopted NPRR 1006 in June 2020. Part of

NPRR 1006 directed ERCOT to account for the pricing impacts of ERCOT-directed deployments of TDU load management programs, including the programs proposed by the Joint Applicants in this Docket.

To date, NPRR 1006 has not been implemented. In comments filed on November 29, 2021, ERCOT stated that because of the failure to implement NPRR 1006 there is no way for ERCOT to account for the pricing impacts of TDU load management programs in the winter 2021-22 time period.<sup>1</sup> ERCOT further stated that the direction to deploy ERS ahead of EEA would require the implementation of NPRR 1006 to be further developed, with implementation not possible before the second quarter of 2022.<sup>2</sup>

TCPA has no desire to stand in the way of the implementation of the Joint TDUs proposal. However, the continued risks of implementing piecemeal programs to address market adequacy without accounting for real-time market impacts and the possible impacts on the wholesale competitive market may outweigh the benefits of the overly hasty implementation of these programs. TCPA requests that the Commission emphasize the urgency to ERCOT of the implementation of NPRR 1006 and consider delaying implementation of the Joint Applicants' proposal until such time that the programs can be implemented by ERCOT with minimal disruption to the wholesale and retail electricity markets and to ensure that intermediate and long-term goals for resource adequacy are not disrupted.

### **III. THE STIPULATION AND SETTLEMENT AGREEMENT**

TCPA has serious concerns regarding the substance of the Agreement as drafted by the Joint TDUs and Commission Staff. The Agreement makes no consideration whatsoever of the

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<sup>1</sup> Electric Reliability Council of Texas, Inc.'s Response to Commissioner Requests for Information Concerning Utility Load Management Program Proposals at 4.

<sup>2</sup> *Id.*

impact of these programs on wholesale electricity prices. No provision is made to incorporate the cost of these programs into the Reliability Deployment Price Adder (RDPA), the Operating Reserve Demand Curve (ORDC), or any other market pricing mechanism.

Allowing the Joint TDUs to implement additional load curtailment plans at the prices contemplated in the Agreement could have substantial detrimental impacts to the formation of wholesale electricity prices and long-term resource adequacy within ERCOT. If the Commission allows the Joint TDUs – who are not subject to any market impacts and recover their expenses entirely from captive ratepayers – to unilaterally pay extraordinarily high prices for load curtailment, the Commission risks incurring irreparable harm to price signal formation that is urgently needed to attract additional generation resources to the ERCOT market. The Commission has repeatedly stressed the importance of sending accurate and sufficient price signals to capacity providers and investors, yet the plans contemplated in the Agreement would directly undermine those signals.

The demand response contemplated by the non-residential load curtailment programs proposed by the Joint TDUs is not a “free resource.” Demand response – particularly on the scale contemplated by the Agreement – requires direct payment by ratepayers. If this payment is allowed to occur entirely out-of-market and without careful implementation into the market structures established by the Commission and ERCOT over the past decade, its impact on the overall health of the wholesale electricity market and resource adequacy could be significant and detrimental.

To mitigate these concerns, TCPA proposes that the following term be included in the Agreement and Proposed Order:

The Interim Load Management Programs described in Attachment A to the Agreement, shall not be implemented until ERCOT is able to implement

processes and any necessary operational changes such that the out-of-market actions' impacts are appropriately accounted for in the calculation of wholesale market prices. The Joint TDUs shall provide ERCOT with any information needed to ensure the appropriate accounting of their programs in the wholesale market. The Joint TDUs shall file notice with the Commission when ERCOT is able to implement the Interim Load Management Programs.

TCPA requests that the proposal be adopted with its proposed term to ensure that the programs can be implemented by ERCOT and the Commission with minimal disruption to the wholesale and retail electricity markets and to ensure that intermediate and long-term goals for resource adequacy are not disrupted. If the Commission declines to adopt TCPA's proposal, TCPA will not oppose the Stipulation Agreement despite its serious reservations about the potential market impacts that may occur.

#### **IV. Conclusion**

For the above-stated reasons, TCPA respectfully requests that the Commission adopt the Agreement presented by the Joint TDUs and Commission Staff with incorporation of the terms proposed by TCPA and other intervening parties.

Respectfully submitted,

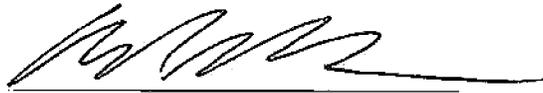


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**ATTORNEY FOR TEXAS  
COMPETITIVE POWER ADVOCATES**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing instrument has been served via facsimile or first-class mail to all parties of record in this proceeding on this 30<sup>th</sup> day of November, 2021.

A handwritten signature in black ink, appearing to read 'Andres Medrano', written over a horizontal line.

Andres Medrano