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PROJECT NO. 52786

**ERCOT COMPLIANCE REPORTS OF § PUBLIC UTILITY COMMISSION
GENERATION RESOURCE WINTER § OF TEXAS
READINESS PURSUANT TO 16 TAC §
§ 25.55(c)(4) §**

PROJECT NO. 52787

**ERCOT COMPLIANCE REPORTS OF § PUBLIC UTILITY COMMISSION
TRANSMISSION SYSTEM WINTER § OF TEXAS
READINESS PURSUANT TO 16 TAC §
§ 25.55(f)(3) §**

ERCOT’S FINAL REPORT ON WINTER WEATHER READINESS INSPECTIONS

Electric Reliability Council of Texas, Inc. (ERCOT) provides this final report regarding its inspections of generation entity and transmission service provider (TSP) winter-weather preparations conducted pursuant to the Public Utility Commission of Texas’s (Commission) weatherization rule, 16 Texas Administrative Code (TAC) § 25.55. As part of this report, ERCOT also provides updated information about the current status of assertions of good cause for non-compliance submitted with the winter weather readiness reports.

I. Inspections and Review of Inspection Reports

As ERCOT noted in its December 30, 2021 status update, ERCOT and its contractors conducted inspections of generation facilities and TSP substations from December 2 through December 22, 2021, as required by 16 TAC §§ 25.55(d) and (g). During this period, ERCOT and its contractors inspected 302 generation resources and 22 TSP substations—a total of 324 facilities. In these inspections, ERCOT and its contractors reviewed the winter weather readiness report for each facility and conducted a physical inspection of the facility to determine the accuracy of the information in the report.

Of the 302 generation resources inspected, ERCOT’s inspectors identified potential deficiencies at only ten resources with a total capacity of 2,129 megawatts, which represents about 1.7% of the total ERCOT generation fleet. As of January 17, 2022, all but three of these deficiencies have been addressed. These three units, which are operational, have a total capacity of 532 megawatts, or about 0.4% of the total ERCOT generation fleet. Of the 22 TSP substations inspected, ERCOT’s inspectors identified potential deficiencies at six facilities. These were

generally minor items such as cabinet heaters out of service or missing weather stripping on cabinet doors on the day of inspection. As of January 17, 2022, all of these deficiencies have been addressed.

Since ERCOT's last status update, ERCOT has conducted a more thorough review of the inspection reports. Each report consists of a completed report template, a checklist of specific items evaluated, and documentary evidence, including photographs.¹ Based on its review of these reports and the supporting documentation, ERCOT has concluded that the findings in the reports regarding compliance with the weather preparedness requirements of 16 TAC §§ 25.55(c)(1) and (f)(1) are reasonably accurate and reasonably consistent from facility to facility. In general, these inspections demonstrate that the owners of generation and transmission infrastructure in the ERCOT region have taken the Commission's weatherization mandate seriously and have demonstrated good faith in complying with the rule's requirements. In fact, many generation entities and TSPs adopted winter weatherization measures that go above and beyond these requirements. ERCOT expects to provide the inspection reports to generation entities and TSPs within the next week.

II. Assertions of Good Cause for Non-Compliance

ERCOT also continues to monitor compliance associated with assertions for good cause that were submitted as part of the winter weather readiness reports. Under 16 TAC §§ 25.55(c)(6) and (f)(4), generation entities and TSPs may assert good cause for failing to comply with one or more weatherization requirements. ERCOT structured the readiness report form in a way that allowed entities to assert good cause for non-compliance with any of the individual sub-requirements specified in each of the provisions in 16 TAC §§ 25.55(c)(1) and (f)(1).

In total, 312 of the readiness reports submitted by 127 generation entities included a total of 532 good-cause assertions, although only 244 of the readiness reports actually asserted non-compliance with one or more of the sub-requirements of the rule. A large number of the assertions reflect that certain requirements do not apply to the Resource based on its technology—for example, many wind generation owners have asserted good cause for non-compliance with the sub-requirements to confirm operability of air moisture prevention systems or to install wind

¹ Some examples of photographs taken during these inspections are included in ERCOT Staff's January 17, 2022 report to the ERCOT Board of Directors, which is available at https://www.ercot.com/files/docs/2022/01/17/3_Weatherization_and_Inspection_Update.pdf.

breaks at the facility because these improvements are not relevant to wind turbines. For TSPs, nine of the readiness reports included a total of 16 assertions, although only four of the nine involved a claim of actual non-compliance with one or more sub-requirements in the rule.

The Commission’s weatherization rule requires an entity asserting good cause for non-compliance to propose a compliance plan including deadlines for complying with each requirement for which good cause for non-compliance is asserted. *See* 16 TAC §§ (c)(6)(A)(iii), (f)(4)(A)(iii). For generation entities, the majority of good-cause assertions that did not assert inapplicability based on technology proposed a compliance plan that included deadlines that have now already passed. For the vast majority of these, ERCOT has received verification that the additional weatherization measures needed as of the readiness report submission date have since been completed. In total, as of January 17, 2022, 427 of 532 good-cause assertions by generation entities have been resolved and closed out. For TSPs, 14 of the 16 good-cause assertions have been resolved and closed out. Figure 1, below, reflects the current status of all good-cause assertions.

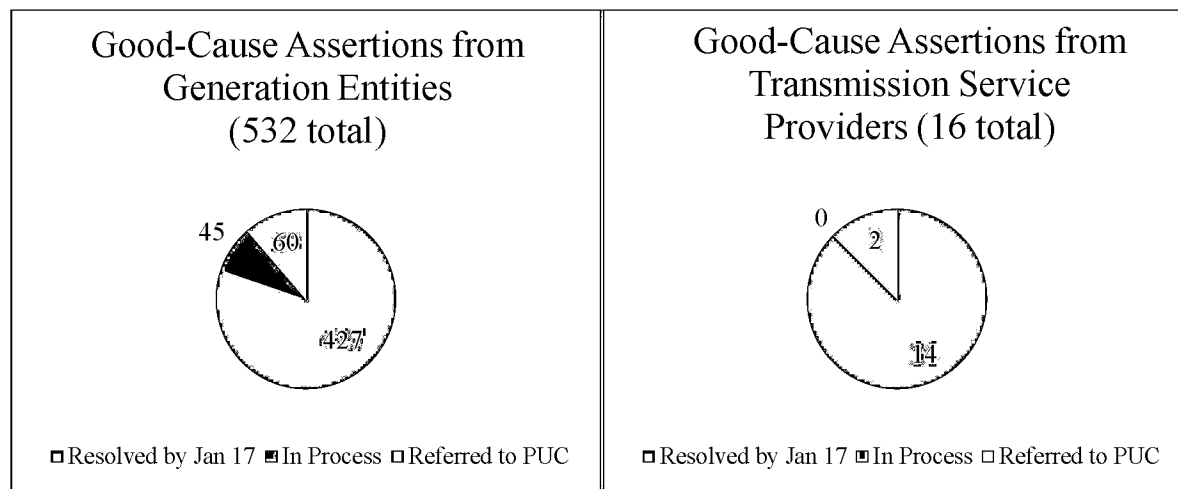


Fig. 1: Status of Good-Cause Assertions

As shown in Figure 1, 45 good-cause assertions for generation entities are still pending because they involve compliance deadlines that have not yet passed, or because ERCOT has not yet received sufficient documentary evidence that confirms completion of the required weatherization measures. For those entities that have submitted a compliance plan, the majority of the proposed compliance dates are within the first quarter of 2022. In all cases, ERCOT will continue to track and resolve these remaining assertions to ensure Market Participants adhere to their compliance plan commitments. Entities are required to provide ERCOT updates on their

progress twice each month. Entities that fail to comply with those commitments will be referred to the Commission for evaluation and enforcement.

ERCOT recommended that Commission Staff evaluate 60 of the good-cause assertions submitted by generation entities and two of the good-cause assertions submitted by TSPs because ERCOT disagreed with the assertion or because the assertion did not provide sufficient information to justify the assertion. Consistent with the procedure specified in the weatherization rule, Commission Staff has reviewed these assertions and submitted notices of disagreement with 14 generation entities' and two TSPs' assertions of good cause in the above-captioned projects.

When Commission Staff disagrees with a generation entity's or TSP's assertion of good cause, the rule requires that entity to initiate a proceeding at the Commission seeking a good-cause exception in order to preserve the assertion of good cause. *See* 16 TAC §§ (c)(6)(C), (f)(4)(C). As of January 17, 2022, five generation entities and no TSPs have initiated formal proceedings to preserve claims for good cause where Commission Staff had issued notices of disagreement. ERCOT is a party to these proceedings and will provide a formal recommendation on these assertions at the time designated by the presiding officer in each case, as required by the rule. Several generation entities and TSPs responded to Commission Staff's notice of disagreement by asserting that they have since completed their weatherization measures and are now in compliance with the weatherization rule.

ERCOT appreciates the Commission's consideration of this report and would be pleased to provide the Commission any additional information it may need regarding the information in this report. ERCOT will continue to assist Commission Staff in its enforcement of the weatherization requirements in Rule 25.55.

Respectfully submitted,

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