



## Filing Receipt

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**PROJECT NO. 53401**

<b>ELECTRIC WEATHER</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>PREPAREDNESS STANDARDS –</b>	<b>§</b>	
<b>PHASE II</b>	<b>§</b>	<b>OF TEXAS</b>

**NRG ENERGY INC’S COMMENTS ON PROPOSAL FOR PUBLICATION OF  
REPEAL OF 16 TAC § 25.55 AND REPLACEMENT WITH PROPOSED NEW 16 TAC  
§ 25.55, AS APPROVED AT THE MAY 26, 2022 OPEN MEETING**

On May 26, 2022, staff of the Public Utility Commission of Texas (“PUCT” or the “Commission”) requested comments on a proposal for publication of repeal of 16 Tex. Admin. Code (“TAC”) § 25.55 and its replacement with proposed new 16 TAC § 25.55. The power generation companies of NRG Energy, Inc. (collectively “NRG”)<sup>1</sup> appreciate the opportunity to provide comments on the proposal for publication. In addition, NRG joins the comments filed by Texas Competitive Power Advocates (“TCPA”) and supports the recommendations therein.

**I. EXECUTIVE SUMMARY**

NRG is pleased to participate in this well-considered reform of the Commission’s electric generation weatherization requirements. NRG believes that a few key revisions to the proposed rule will ensure that the regulatory scheme achieves its objectives without unnecessarily burdening generation entities or Commission enforcement staff. These revisions include scaling requirements to different generation resources by size and functionality, focusing enforcement on only those generation interruptions caused by extreme weather, and ensuring that emergency declarations reflect the full scale of any extreme weather event.

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<sup>1</sup> Gregory Power Partners LLC (Certificate No. 20010); NRG Cedar Bayou Development Company, LLC (Certificate No. 20237); NRG Cottonwood Tenant LLC (Certificate No. 20537); NRG Texas Power LLC (Certificate No. 20184); Petra Nova Power I LLC (Certificate No. 20302).

## II. COMMENTS ON COMMISSION QUESTION NO. 2

The Commission requested comments from interested persons on two questions. The first question concerns Transmission Service Providers and NRG has no comment on that question. The second question asks,

Does proposed 25.55(e) and proposed 25.55(h) appropriately define “repeated or major weather-related forced interruptions of service”?

NRG believes that the definitions of “Major weather-related forced interruption of service” and “Repeated weather-related forced interruption of service” can be refined to better reflect the actual emergency conditions this rule is intended to address. Each of these revisions is intended to ensure that resources that have lost some generation capacity but are still actively serving the market’s needs through a crisis are not subjected to the significant penalties provided by the Commission’s governing statutes.

First, NRG recommends that the definitions be revised to apply specifically and exclusively to outages caused by extreme weather itself. That is, in order to meet the definition, the outage or derate must be caused directly by the weather conditions, and not, for example, by a lack of fuel or water or the inability of a maintenance crew to reach the facility.

NRG believes this refinement is especially important as it applies to derates. Only the specific portion of a derate that is caused by extreme weather conditions should meet the definition. Derates should be measured as a function of loss-of-capacity as it existed at the onset of a Weather Emergency. The purpose of this rule is to ensure that resources are well-equipped to function during a Weather Emergency. Including capacity lost to derates that are not caused by extreme weather during a Weather Emergency would wrongly punish units that are otherwise weather hardened.

Second, the “7,500 megawatt-hours” (“MWh”) trigger in the definition of “Major weather-related forced interruption of service” should be reconsidered. As noted in the comments of TCPA, a 7,500 MWh threshold would result in disparate treatment for generation resources of different sizes possessing a different number of units. For example, a larger resource would meet the threshold quickly, and a smaller resource may not ever reach it. This would expose these larger resources to potentially onerous penalties and allow smaller resources to avoid them altogether. Instead of a one-size-fits all approach, the trigger should be scaled to the facility or unit. NRG

endorses the duration-based scale proposed by TCPA and recommends the adoption of a revised definition that is substantially similar to either the one below or TCPA's recommended revision.

Finally, the definitions should be revised such that they apply only to a single unit, not an entire site or generation entity. There are typically multiple units at any one generation facility that have separate equipment and operations. Any outages or derates should be considered at the specific unit level so that a generation entity is not penalized when individual units have separate issues, but the facility as a whole can continue to generate. Similarly, units should be evaluated based on their actual generation capacity, not on their nameplate generation capacity. A unit's age, changed operating conditions, and other factors frequently reduce a unit's actual generation capacity to a level less than its nameplate generation capacity.

Given these concerns, NRG recommends the following revisions:

**Major weather-related forced interruption of service** – The loss of:

- generation equal to 50% of the generation capacity of a steam generation unit for 48 hours;
- 100% of the generation capacity of a simple cycle unit for 48 hours; or
- 7,500 megawatt-hours of ~~generation service or~~ transmission capability

occurring as a result of equipment failure caused by weather conditions during a weather emergency.

**Repeated weather-related forced interruption of service** – Three or more of any combination of the following occurrences at the same unit as a result of a weather emergency within any three year period: a failure to start due to weather conditions, a forced outage of weather critical components due to weather conditions, or a deration caused by weather conditions that results in the loss of more than fifty percent of the ~~nameplate~~ generation capacity of a generation unit or a transmission facility as it existed at the onset of the weather emergency.

### III. ADDITIONAL COMMENTS

NRG recommends that two other definitions be revised: First, the definition of "Weather critical component" should be revised to read:

**Weather critical component** -- Any component of a resource or transmission facility that is susceptible to fail ~~during a weather emergency~~ due to extreme weather, the occurrence of which failure is likely to significantly hinder the ability of the resource or transmission facility to function as intended or, for a resource, is likely to lead to a trip, derate, or failure to start.

As with the definitions of major and repeated interruption of service, it is important that the definition of weather critical component capture only those components that fail *because* of extreme weather and not merely *during* extreme weather. Using a more precise definition will provide clarity and help with compliance but also with the enforcement process, so that Commission staff can focus their response on otherwise preventable component failures.

Next, the definition of “weather emergency” should be grounded in the existing ERCOT emergency alert levels set out ERCOT Protocols Section 6. NRG recommends that “weather emergency” under the new rule be triggered by an ERCOT “Emergency Notice” as defined in Protocol 6.5.9.3.4, or an “Energy Emergency Alert” declaration under Protocol 6.5.9.4. NRG recommends the definition be revised to read:

**Weather emergency** – An ERCOT-declared Energy Emergency Alert or an ERCOT-issued Emergency Notice, as defined under the ERCOT Protocols, ~~situation~~ resulting from weather conditions that produces significant risk for a TSP that firm load must be shed ~~or a situation for which ERCOT provides advance notice to market participants involving weather-related risks to the ERCOT power region.~~

In addition, NRG recommends that Sections (c)(1)(B) and (c)(2)(B) be revised to clarify the weather emergency preparation standard a generation entity is required to meet. NRG believes that the ERCOT historical weather study is the better basis for the standard, as it is easily referenced and relied upon and is consistent with the Commission’s order approving Phase 1 of the rule.<sup>2</sup> Long term, NRG believes that temperature alone is not a sufficient measure of weather conditions. Wind speed and precipitation can exacerbate extreme weather conditions and may have as significant an impact on operations as temperature. NRG therefore recommends that in any future revision to the ERCOT historical weather study, and any potential revision to the rule, these factors be incorporated into a holistic weather severity metric. NRG also notes that the ERCOT weather report does not identify 72-hour maximum temperatures, only 168-hour maximum average temperatures. The language in Section (c)(2)(B) should be revised to match the study’s 168-hour figure, or the study should be revised to incorporate a 72-hour maximum temperature figure. Ultimately, NRG recommends Section (c)(1)(B) be revised as follows, and that Section (c)(2)(B) be revised in the same way:

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<sup>2</sup> Project No. 51840, Rulemaking to Establish Electric Weatherization Standards, Order Adopting New 16 TAC § 25.55 as Approved at the October 21, 2021 Open Meeting (Oct. 21, 2021).

Beginning in 2023, implement weather emergency preparation measures, in addition to the weather emergency preparation measures required by paragraph (A) of this subsection, reasonably expected to ensure sustained operation of the resource during ~~the lesser of the minimum ambient temperature at which the resource has experienced sustained operations or~~ the 95<sup>th</sup> percentile minimum average 72-hour temperature reported in ERCOT's historical weather study, required under subsection (i) of this section, for the weather zone in which the resource is located.

Finally, NRG notes that Section (d) provides for Commission staff to accompany ERCOT personnel on inspections of resources. As proposed, the rule would allow Commission staff access to "any part of the facility." NRG recommends that this be revised to recognize that some portions of a facility may be inaccessible to Commission staff for safety reasons. The rule also allows for Commission staff to "take photographs or video recordings of any part of [a] facility." As written, the rule would allow Commission staff to document portions of a facility that may be highly sensitive and confidential for competitiveness or, especially, national security reasons. Because documents, photographs, or video recordings generated by Commission staff may be subject to the Texas Public Information Act, NRG recommends that the rule expressly make confidential and exempt from disclosure any documents, photographs, or video recordings collected or generated by Commission staff during or related to an inspection. NRG recommends the following revisions to Section (d)(1)(B):

During the inspection, a generation entity must provide ERCOT and commission staff access to any part of the facility upon request, provided ERCOT and commission staff comply with all facility safety protocols. A generation entity may restrict access to portions of its facility for safety reasons. A generation entity must provide access to inspection, maintenance, and other records associated with weather emergency preparation measures and must make the generation entity's staff available to answer questions. A generation entity may escort ERCOT and commission staff at all times during an inspection. During the inspection, ERCOT or commission staff may take photographs or video recordings of any part of the facility provided they comply with all facility safety protocols and may conduct interviews of facility personnel designated by the generation entity. Documents, photographs, or video recordings collected or generated by commission staff during or related to an inspection are confidential and exempt from disclosure under the Texas Public Information Act, Tex. Gov't. Code Chapter 552.

#### IV. CONCLUSION

NRG appreciates the opportunity to comment on the proposal for publication of repeal of 16 TAC § 25.55 and its replacement with proposed new 16 TAC § 25.55. NRG looks forward to continuing to assist the Commission in crafting rules that promote reliability while providing the clarity necessary to promote investment in the ERCOT market.

Respectfully,

Bill Barnes

Bill Barnes  
Sr. Dir. Regulatory Affairs  
NRG Energy, Inc.  
1005 Congress Avenue, Suite 950  
Austin, Texas 78701  
Telephone: (512) 691-6137  
bill.barnes@nrg.com

**PROJECT NO. 53401**

**ELECTRIC WEATHER  
PREPAREDNESS STANDARDS –  
PHASE II**

**§ PUBLIC UTILITY COMMISSION  
§  
§ OF TEXAS**

**EXECUTIVE SUMMARY OF  
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The power generation companies of NRG Energy, Inc. (collectively “NRG”)<sup>3</sup> appreciate the opportunity to provide comments on the proposal for publication, and offer the following executive summary of their comments:

- The definitions of “Major weather-related forced interruption of service” and “Repeated weather-related forced interruption of service” should be revised to apply specifically and exclusively to outages caused by extreme weather itself. Only the specific portion of a derate that is caused by extreme weather conditions should meet the definition.
- The “7,500 megawatt-hours” trigger in the definition of “Major weather-related forced interruption of service” should be reconsidered. Instead of a one-size-fits all approach, the trigger should be scaled to the facility or unit.
- The definitions of “Major weather-related forced interruption of service” and “Repeated weather-related forced interruption of service” should be revised such that they apply only to a single unit, not an entire site or generation entity.
- As with the definitions of major and repeated interruption of service, the definition of weather critical component should capture only those components that fail *because* of extreme weather and not merely *during* a declared weather emergency. The definition of “weather emergency” should be grounded in the existing ERCOT emergency alert levels.
- The proposed rule should be revised such that weather emergency preparation measures are evaluated based on the ERCOT historical weather study and not a particular facility’s historical operations.
- The proposed rule’s inspection provision should be revised to incorporate reasonable safety limits on inspections and make confidential potentially sensitive documents created or produced during the inspection process.

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