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Annual Market Manipulation Report

Public Utility Commission of Texas

December 1, 2023

The 88th Legislature adopted, and the Governor signed into law House Bill 1500, which amended PURA¹ § 39.151 by adding a new subsection (i). Substantively, the new subsection requires the Public Utility Commission of Texas (Commission) to report to the legislature by December 1 each year the following information:

1. The number of instances in which the Independent Market Monitor reported potential market manipulation to the Commission or Commission Staff for the 12-month period preceding the report's submission;
2. The statutes, Commission rules, and ERCOT Nodal Protocols or Other Binding Documents alleged to have been violated by the reported entities; and
3. The number of instances reported under number 1 for which the Commission instituted a formal investigation on its own motion or Commission Staff initiated enforcement action.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-66.016.

The Public Utility Commission of Texas provides its Annual Report on Market Manipulation in compliance with the requirements of PURA § 39.1515(i). This report covers the 12-month reporting period beginning November 1, 2022 through October 31, 2023.

Market Manipulation Instances

Potomac Economics, serving as the Independent Market Monitor (IMM) for the Electric Reliability Council of Texas (ERCOT) power region, reported to the Commission or Commission Staff six instances of potential market manipulations during the 12-month reporting period.

Statutes, Commission and ERCOT Rules

The following statutes, Commission rules, or ERCOT Nodal Protocols or Other Binding Documents were implicated by the IMM's reporting:

- a. PURA § 39.157(a), related to Commission Authority to Address Market Power
- b. 16 Tex. Admin. Code § 25.503(f), related to Duties of Market Entities
- c. 16 Tex. Admin Code § 25.503(g)(7), related to Prohibited Activities
- d. ERCOT Nodal Protocols § 4.4.4(17), related to DC Tie Schedules
- e. ERCOT Nodal Protocols § 4.4.9.4.1(1)(f)(iii)(c), related to Mitigated Offer Cap
- f. ERCOT Nodal Protocols § 4.4.9.4.1(1)(i), related to Mitigated Offer Cap
- g. ERCOT Nodal Protocols § 4.4.9.4.1(1)(j), related to Mitigated Offer Cap
- h. ERCOT Nodal Protocols § 4.4.9.4.1(1)(k), related to Mitigated Offer Cap

Formal Investigation

Commission Staff has initiated enforcement action on two of the six reports of potential market manipulation. The Commission did not institute a formal investigation on its own motion.