



## **Filing Receipt**

**Filing Date - 2024-08-22 05:14:21 PM**

**Control Number - 55999**

**Item Number - 58**

**PROJECT NO. 55999**

<b>REPORTS OF THE ELECTRIC</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>RELIABILITY COUNCIL OF TEXAS</b>	<b>§</b>	
	<b>§</b>	<b>OF TEXAS</b>

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.'S UPDATE REGARDING  
RELIABILITY MUST-RUN- AND MUST-RUN ALTERNATIVE-RELATED  
ACTIVITIES AND REQUEST FOR GOOD CAUSE EXCEPTIONS**

Electric Reliability Council of Texas, Inc. (ERCOT) provides an update and request for limited good cause exceptions regarding the process of potentially entering into one or more agreements for Reliability Must-Run (RMR) or Must-Run Alternative (MRA) service as a result of CPS Energy's planned retirement of three Generation Resources: BRAUNIG\_VHB 1 (217 MW), BRAUNIG\_VHB2 (230 MW), and BRAUNIG\_VHB3 (412 MW) (hereinafter, the Braunig Resources) on March 31, 2025. As discussed in more detail in prior filings with the Public Utility Commission of Texas (the Commission), the Braunig Resources have been identified as needed to support ERCOT System reliability beyond their proposed retirement date (March 31, 2025).<sup>1</sup> In summary, without the Braunig Resources, there is a material impact on transmission facilities in and around the San Antonio area and South Texas region that are critical to ERCOT System reliability.

On August 8, 2024, ERCOT filed with the Commission an update that addressed, *inter alia*, a risk-management issue with respect to potential future RMR service by any or all of the Braunig Resources. Attached to ERCOT's update filing was a letter from CPS Energy and a CPS Energy exhibit. On August 9, 2024, ERCOT filed a clarification and supplement to its August 8 update filing.

In the CPS Energy letter attached to ERCOT's filings, CPS Energy stated that the Braunig Resources cannot be safely operated beyond the March 31, 2025, retirement date without first conducting outages and associated maintenance and repair work. Such outages and associated work were estimated by CPS Energy to require approximately 60 days, with the caveat that each outage may require more time based on inspection results.

ERCOT explained in its filings that ERCOT is discussing with CPS Energy whether all three of the Braunig Resources – or at a minimum unit BRAUNIG\_VHB3 (412 MW), the newest

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<sup>1</sup> See e.g. PUC Project No. 55999, Item No. 30, Electric Reliability Council of Texas, Inc.'s Notice of Reliability Analysis Determination and Request for Good Cause Exception (Apr. 23, 2024).

and largest capacity of the three Braunig Resources – should be placed on outage, inspected, and potentially repaired before March 31, 2025. From ERCOT’s perspective, waiting until April 2025 to begin such work is too late and could create an unreasonable reliability risk that some or all of the Braunig Resources would be unavailable to provide RMR service during the summer of 2025, the highest risk season of that year. ERCOT also observed that an outage and inspection during the fall of 2024 could allow more information to be available to the public and the ERCOT Board of Directors (the ERCOT Board) for the ERCOT Board’s consideration of whether ERCOT should enter into any contracts for RMR service with CPS Energy and/or MRA service with one or more alternative providers.

ERCOT and CPS Energy noted that discussions on this topic were also addressing reimbursement to CPS Energy. CPS Energy’s letter included an exhibit with its estimates of outage, life-extension, and lost opportunity costs.

The Commission discussed ERCOT’s filings on this topic at its August 15, 2024, open meeting and invited ERCOT and CPS Energy to provide additional information and address Commissioner questions. Among the subjects addressed were risk-management considerations, such as the timing of outages and transmission system constraints in the San Antonio and South Texas regions that affect the reliability and adequacy of the ERCOT electrical network; calculations of estimated costs; and CPS Energy’s prior inspections and maintenance of the Braunig Resources.

The potential for outages, inspections, and related work before the potential RMR Service by the Braunig Resources was also addressed by the ERCOT Board during its August 20, 2024 meeting. Similar points were raised during the ERCOT Board meeting.

ERCOT is in ongoing negotiation with CPS Energy on subjects that include those discussed by the Commission and the ERCOT Board. Topics being addressed include the appropriate methodology for calculating any associated costs, including lost opportunity cost; principles for the timely staging and conveyance of information regarding inspections of Braunig Unit 3, cost-control measures, outage requirements, potential contractual terms, and timing considerations.

At this time, ERCOT expects, unless instructed otherwise by the Commission, to enter into a contract with CPS Energy (if the parties can reach timely agreement on mutually acceptable terms) for Braunig Unit 3 to be placed in outage, inspected, and potentially maintained and repaired this fall. ERCOT will take such action under its statutory obligation, under PURA § 39.151(a)(2)

and 16 TAC § 25.361(b), to ensure the reliability and adequacy of the regional electrical network. Such action may require ERCOT and CPS Energy to deviate from the ERCOT Protocols (for example, it is likely that ERCOT approving CPS Energy to place Braunig Unit 3 on outage this fall will exceed the Maximum Daily Resource Planned Outage Capacity and CPS Energy may not be able to submit its request for the outage within the deadline in the Protocols). Therefore, ERCOT requests that the Commission grant, under 16 TAC § 25.3(b), limited good cause exceptions to 1) excuse ERCOT from the requirement under 16 TAC § 25.361(b)(16) that ERCOT must perform any additional duties required under the ERCOT rules for the limited purpose of enabling CPS Energy to take outages, inspect, maintain, and repair of one or more of the Braunig Resources before March 31, 2025 and 2) excuse CPS Energy from the requirement under 16 TAC § 25.503(f)(2) to comply with ERCOT procedures and any official interpretation of the ERCOT Protocols for the same limited purpose.

ERCOT expects to file another update on Wednesday, August 28th, that provides more details around the key topics identified herein, including the methodology for lost opportunity costs and a draft of the contract. Furthermore, ERCOT commits to file an update with the Commission in this project *before* entering into any contract with CPS Energy regarding outage, inspection, and related work regarding Braunig Units 1 or 2 if such were to take place before April 1, 2025. ERCOT appreciates the Commission's consideration of this update and will attend the Commission's August 29th Open Meeting to address Commissioner comments or questions.

Respectfully submitted,

/s/ Chad Seely

Chad V. Seely  
Senior Vice President and General Counsel  
Texas Bar No. 24037466  
(512) 225-7035 (Phone)  
chad.seely@ercot.com

Nathan Bigbee  
Deputy General Counsel  
Texas Bar No. 24036224  
512-225-7093 (Phone)  
nathan.bigbee@ercot.com

Davida Dwyer  
Senior Corp. Counsel  
Texas Bar No. 24052120  
512-225-7182 (Phone)  
davida.dwyer@ercot.com

ERCOT  
8000 Metropolis Drive, Bldg. E, Suite 100  
Austin, Texas 78744  
(512) 225-7079 (Fax)

ATTORNEYS FOR ELECTRIC RELIABILITY  
COUNCIL OF TEXAS, INC.

**PROJECT NO. 55999**

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**PROPOSED ORDER GRANTING GOOD CAUSE EXCEPTIONS**

On March 13, 2024, CPS Energy submitted to Electric Reliability Council of Texas, Inc. (ERCOT) Parts I and II of Notifications of Suspension of Operations (NSOs) regarding CPS Energy's planned indefinite suspension (retirement) of three Generation Resources: BRAUNIG\_VHB1, BRAUNIG\_VHB2, and BRAUNIG\_VHB3 (hereinafter, the Braunig Resources). CPS Energy proposes to retire the Braunig Resources on March 31, 2025.

On April 22, 2024, ERCOT issued a public Market Notice on the results of ERCOT's reliability analysis in which ERCOT identified ERCOT System performance deficiencies that are materially impacted by the retirement of the Braunig Resources.

On August 8, 2024, ERCOT filed with the Commission an update that addressed, *inter alia*, a risk-management issue with respect to potential future RMR service by any or all of the Braunig Resources. Attached to ERCOT's update filing was a letter from CPS Energy and a CPS Energy exhibit. On August 9, 2024, ERCOT filed a clarification and supplement to its August 8 update filing.

In the CPS Energy letter attached to ERCOT's filings, CPS Energy stated that the Braunig Resources cannot be safely operated beyond the March 31, 2025 retirement date without first conducting outages and associated maintenance and repair work. Such outages and associated work were estimated by CPS Energy to require approximately 60 days, with the caveat that each outage may require more time based on inspection results.

ERCOT explained in its filings that it is discussing with CPS Energy whether all three of the Braunig Resources – or at a minimum unit BRAUNIG\_VHB3 (412 MW), the newest and largest capacity of the three Braunig Resources – should be placed on outage, inspected, and potentially repaired before March 31, 2025. From ERCOT's perspective, waiting until April 2025 to begin such work would be too late and could create an unreasonable reliability risk that at least one of the Braunig Resources would be unavailable to provide RMR service during the summer of 2025, the highest risk season of that year. ERCOT also observed that an outage and inspection during the fall of 2024 could allow more information to be available for the ERCOT Board of

Directors' consideration of whether ERCOT should enter into any contracts for RMR service with CPS Energy or MRA service with an alternative provider.

ERCOT and CPS noted that discussions on this topic were also addressing compensation to CPS Energy. CPS Energy's letter included an exhibit with its estimates of outage, life-extension, and lost opportunity costs.

On August 22, 2024, ERCOT filed an additional update with the Commission and request for limited good cause exceptions to 1) excuse ERCOT from the requirement under 16 TAC § 25.361(b)(16) that ERCOT must perform any additional duties required under the ERCOT rules for the limited purpose of enabling CPS Energy to take outages, inspect, maintain, and repair of one or more of the Braunig Resources before March 31, 2025 and 2) excuse CPS Energy from the requirement under 16 TAC § 25.503(f)(2) to comply with ERCOT procedures and any official interpretation of the ERCOT Protocols for the same limited purpose.

Under 16 TAC § 25.3(b), the Commission grants ERCOT and CPS Energy the requested limited good cause exceptions. ERCOT is excused from the requirement under 16 TAC § 25.361(b)(16) that ERCOT must perform any additional duties required under the ERCOT rules; this good cause exception is limited to enabling CPS Energy to take outages, inspect, maintain, and repair of one or more of the Braunig Resources before March 31, 2025. CPS Energy is excused from the requirement under 16 TAC § 25.503(f)(2) to comply with ERCOT procedures and any official interpretation of the ERCOT Protocols by the Commission or ERCOT; this good cause exception is also limited to enabling CPS Energy to take outages, inspect, maintain, and repair of one or more of the Braunig Resources before March 31, 2025.

Good cause exists due to the risk that waiting until April 1, 2025 to begin the inspections and related work would result in 859 MW of dispatchable capacity being unavailable to support the reliability of the ERCOT regional electric network beginning on April 1, 2025 and would result in one or more of the Braunig Resources being unavailable to provide RMR service (if such service is approved by the ERCOT Board of Directors) during the summer 2025 season. Furthermore, such inspections and related work will provide the public and the ERCOT Board of Directors with more information regarding the estimated cost of RMR service, better informing the ERCOT Board of Directors' decision on whether to approve agreements for RMR service from one or more of the Braunig Resources.

Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2024.

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**THOMAS J. GLEESON, CHAIRMAN**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**

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**KATHLEEN JACKSON, COMMISSIONER**

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**COURTNEY K. HJALTMAN, COMMISSIONER**