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PUBLIC UTILITY COMMISSION

SETTLEMENT AGREEMENT §
RELATING TO GOLDEN SPREAD §
ELECTRIC COOPERATIVE, INC.'S §
VIOLATION OF PURA § 39.151(j); §
16 TAC §§ 25.503(e)(3), (f)(2), (f)(6), AND §
(f)(8); AND ERCOT NODAL §
PROTOCOLS § 6.4.6(1), RELATED TO §
SCHEDULING AND OPERATION OF §
GENERATION RESOURCES §

PUBLIC UTILITY COMMISSION
OF TEXAS

ORDER

This Order addresses the agreement between Commission Staff and Golden Spread Electric Cooperative, Inc. regarding Commission Staff's investigation of Golden Spread for violations of PURA¹ § 39.151(j); 16 Texas Administrative Code (TAC) §§ 25.503(e)(3), (f)(2), (f)(6), and (f)(8), and Electric Reliability Council of Texas (ERCOT) Nodal Protocols § 6.4.6(1), related to scheduling and operation of generation resources.² The agreement also serves as a report to the Commission under 16 TAC § 22.246(h)(1). Commission Staff recommends the Commission order Golden Spread to disgorge \$28,337.73 in excess revenues. Golden Spread agrees to the disgorgement. The Commission orders the disgorgement of \$28,337.73 in excess revenues from Golden Spread and directs ERCOT to distribute the disgorged revenues using the method approved in Docket No. 54985.³

I. Findings of Fact

The Commission makes the following findings of fact.

Affected Entities

1. Golden Spread is an electric cooperative providing electric service under certificate of convenience and necessity number 30189.

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

² All references to the ERCOT Nodal Protocols and ERCOT Operation Guide are to the versions of those documents in effect at the time of the violations identified herein.

³ *Proceeding to Determine Appropriate Method to Distribute Disgorged Funds from Docket No. 54957*, Docket No. 54985, Order (Oct. 12, 2023).

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2. Golden Spread is a qualified scheduling entity (QSE) registered with ERCOT.
3. As a QSE, Golden Spread is an ERCOT market participant and a market entity.
4. Under the ERCOT Nodal Protocols, Golden Spread is responsible for submitting offers and dispatching generation from Golden Spread's generation resources in the ERCOT market.
5. ERCOT is certified by the Commission to act as the independent organization in the ERCOT power region, ensuring electric production and delivery are accurately accounted for among the wholesale buyers and sellers in the power region.

Asserted Violations and Corrective Actions

6. Commission Staff asserts that, from February 15 through 16, 2021, Golden Spread failed to properly telemeter the correct resource codes on three occasions.
7. Commission Staff asserts that, as a result of the telemetry of inaccurate resource status codes, Golden Spread received \$28,337.73 in revenues above the revenues it would have received absent the violations of rules related to accurate telemetry of generation resource status.
8. On April 17, 2024, Golden Spread informed Commission Staff that corrective actions had been taken to prevent any non-compliance with ERCOT Nodal Protocols. Specifically, Golden Spread has entered into an agreement with Alliance for Cooperative Energy Service Power Marketing LLC (ACES) to provide QSE services. Golden Spread's QSE desk at ACES utilizes an Energy Management System that allows for automatic resource status code updates thereby reducing the need for manual updates.

Method to Distribute Disgorged Excess Revenues

9. In Docket No. 54985, the Commission approved an alternative method to distribute excess revenues that the Commission ordered to be disgorged in Docket No. 54957.⁴
10. Commission Staff asserts that the Commission should use the same distribution method approved in Docket No. 54985 because the underlying facts and legal analyses involved in

⁴ See *Settlement Agreement Relating to City of Austin DBA Austin Energy's Violation of PURA § 39.151(j); 16 TAC §§ 25.503(e)(3), (f)(2), and (f)(6); and ERCOT Nodal Protocols § 6.4.6(1), Related to Scheduling and Operation of Generation Resources*, Docket No. 54957, Order (June 15, 2023).

that matter and in Docket No. 54957 are nearly identical to this matter. Golden Spread does not contest the use of the distribution method approved by the Commission in Docket No. 54985.

11. Using the distribution method approved by the Commission in Docket No. 54985, ERCOT will:
 - a. identify the load ratio share from the most recent market settlement that was utilized for the issuance of invoices for the impacted intervals of the operating day;
 - b. calculate the amount due to each QSE by multiplying the disgorged dollar amount for each interval by the load ratio share for that interval;
 - c. send a miscellaneous invoice to all affected QSEs; and
 - d. pay amounts owed to the affected QSEs as reflected on the invoices. If a QSE that is eligible for a distribution, or the counter-party for that QSE, has failed to pay when due any payment or financial security obligation owed to ERCOT or its designee, if applicable, then ERCOT will withhold the distribution payment and apply it toward the amounts owed by the QSE or the counter-party for the QSE.
12. The amount of disgorged funds to be distributed to any individual wholesale market participant is too small to warrant requiring a wholesale electric market participant to report how it used distributed disgorged funds to reduce costs incurred by retail electric consumers.
13. Golden Spread has no affiliates.

Notice

14. On January 8, 2024, Commission Staff provided Golden Spread with notice of the investigation, the results of the investigation, information about Golden Spread's right to a hearing, and an opportunity to explain its activities.

Agreement

15. Golden Spread cooperated with Commission Staff's investigation.
16. Golden Spread acknowledges the bases for the violations detailed in this Order.

17. On June 20, 2024, Commission Staff and Golden Spread entered into an agreement resolving the violations. Commission Staff recommended, and Golden Spread agreed to, the disgorgement of \$28,337.73 in excess revenues in final settlement of the asserted violations.
18. Golden Spread indicated that corrective actions have been taken to prevent non-compliance with ERCOT Nodal Protocols.
19. On June 20, 2024, Commission Staff filed a copy of the executed agreement with the Commission's filing clerk.

Evidentiary Record

20. In Order No. 1 filed on July 8, 2024, the administrative law judge admitted into evidence the agreement and report to the Commission filed by the parties on June 20, 2024.

Informal Disposition

21. More than 15 days have passed since the completion of all notice requirements.
22. No person filed a protest or motion to intervene.
23. Golden Spread and Commission Staff are the only parties to this proceeding.
24. No party requested a hearing, and no hearing is needed.
25. Commission Staff recommended approval of the agreement.
26. This decision is not adverse to any party.

II. Conclusions of Law

The Commission makes the following conclusions of law.

1. The Commission has authority over this matter under PURA §§ 14.051, 14.054, 15.023, 15.025, and 39.151(d) and (j).
2. Golden Spread is an electric cooperative as defined by PURA §11.003(9) and 16 TAC § 25.5(35).
3. Golden Spread does not have any affiliates as defined by PURA § 11.003(2).
4. Golden Spread is a QSE as defined in 16 TAC §25.5(95) and ERCOT Nodal Protocols § 2.1.
5. Golden Spread is a market entity as defined in 16 TAC § 25.503(c)(5).

6. Golden Spread is a market participant as defined in 16 TAC § 25.503(c)(6) and ERCOT Nodal Protocols § 2.1.
7. ERCOT is an independent organization certified by the Commission under PURA § 39.151(c).
8. Under PURA § 39.151(j), an electric cooperative, such as Golden Spread, is required to observe all scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, and procedures established by the independent system operator in ERCOT.
9. Commission Staff asserts that Golden Spread violated PURA § 39.151(j), 16 TAC § 25.503(f)(2), and ERCOT Nodal Protocols § 6.4.6(1) on three occasions on February 15 and 16, 2021, by failing to observe rules established by ERCOT governing the scheduling and operation of generation resources.
10. Commission Staff asserts that Golden Spread violated 16 TAC § 25.503(e)(3) on three occasions on February 15 and 16, 2021, by failing to refrain from activities that artificially inflate revenues.
11. Commission Staff asserts that Golden Spread violated 16 TAC § 25.503(f)(6) on three occasions on February 15 and 16, 2021, by failing to submit a bid for energy or ancillary services from a resource that was not available and capable of performing.
12. Commission Staff asserts that Golden Spread violated 16 TAC § 25.503(f)(8) on three occasions on February 15 and 16, 2021, by failing to provide accurate information in correspondence with ERCOT.
13. Commission Staff asserts that Golden Spread violated ERCOT Nodal Protocols § 6.4.6(1) on three occasions on February 15 and 16, 2021, by telemetering incorrect resource status codes.
14. Under PURA § 15.023(e), the Commission is authorized to order the disgorgement of excess revenues collected by Golden Spread for violations of the statutes, rules, or protocols relating to wholesale electric markets.
15. Under PURA § 15.023(g), excess revenue means the revenue in excess of revenue that would have occurred absent a violation of the statutes, rules, or protocols relating to wholesale electric markets.

16. Under PURA § 15.025(e), disgorged excess revenue must be returned to the affected wholesale electric market participants and be used to reduce costs or fees incurred by retail electric customers.
17. Under 16 TAC § 22.246(k), any excess revenues disgorged by Golden Spread in this case must be paid to ERCOT.
18. The amount of disgorged funds to be distributed to any individual wholesale market participant is too small to warrant requiring a wholesale electric market participant to report how it used distributed disgorged funds to reduce costs incurred by retail electric customers, as would otherwise be required by 16 TAC § 22.246(k)(2).
19. It is appropriate for ERCOT to distribute the disgorged excess revenues according to the alternative method approved by the Commission in Docket No. 54985 and under 16 TAC § 22.246(k).
20. Under 16 TAC § 22.246(k)(1), no later than 90 days after the disgorged excess revenues are remitted to ERCOT, the monies must be distributed using the method approved in this Order, or ERCOT must, by that date, notify the Commission of the date by which the funds will be distributed. When ERCOT distributes the disgorged monies, it must send out a market notice that explains the docket number in which the Commission ordered the disgorged excess revenues.
21. It is not necessary for the Commission to require affected wholesale market participants receiving disgorged excess revenues to demonstrate how the amounts were used to reduce the costs or fees incurred by retail electric customers under 16 TAC § 22.246(k)(2), nor is it necessary for ERCOT to instruct that the monies must be used to reduce the costs or fees incurred by retail electric customers under 16 TAC § 22.246(k)(1).
22. Golden Spread has no affiliates as that term is defined under PURA §§ 11.003(2) and 11.006 and 16 TAC § 25.5(3).
23. Golden Spread was provided proper notice of Commission Staff's investigation into this matter, the results of the investigation, information about Golden Spread's right to a hearing, and an opportunity to explain its activities, as required by 16 TAC §§ 22.241(a)(2) and 22.246(f)(2).

24. The filing of the agreement meets the requirements of 16 TAC § 22.246(h)(1).
25. The Commission processed this docket in accordance with the requirements of applicable statutes and Commission rules.
26. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders.

1. The Commission orders the disgorgement of \$28,337.73 in excess revenues from Golden Spread.
2. Golden Spread must comply with the terms of the agreement and this Order.
3. Golden Spread must transfer the \$28,337.73 in excess revenues to ERCOT pending distribution and in accordance with the agreement. Within five days of transferring the excess revenues to ERCOT, Golden Spread must file, in this docket, an affidavit of transfer of the disgorged funds.
4. ERCOT must distribute the excess revenues disgorged from Golden Spread using the distribution method described and approved in this Order.
5. ERCOT must, within 90 days of receipt of the \$28,337.73 in excess revenues disgorged from Golden Spread, either distribute the funds to affected wholesale market participants or notify the Commission of the proposed date of distribution by filing a pleading in the compliance docket.
6. At least 30 days before it distributes the disgorged excess revenues, ERCOT must file in the compliance docket a draft of the communication that is required by 16 TAC § 22.246(k)(1) and as modified by this Order to be included with the distributions.
7. Commission Staff must file in the compliance docket its approval or any revision, as appropriate, to ERCOT's draft communication within 15 days of receipt.

8. An affected wholesale market participant receiving excess revenues disgorged from Golden Spread is not required to demonstrate how those funds were used to reduce the costs or fees incurred by retail electric customers.
9. All filings required or authorized by this Order must be made in Docket No. 56795, Compliance Filing for Docket No. 56683 (*Settlement Agreement Relating to Golden Spread Electric Cooperative, Inc.'s Violation of PURA § 39.151(j); 16 TAC §§ 25.503(e)(3), (f)(2), (f)(6), and (f)(8); and ERCOT Nodal Protocols § 6.4.6(1), Related to Scheduling and Operation of Generation Resources*).
10. The Commission is not constrained in any manner from requiring additional action or penalties from matters that are not resolved by this Order.
11. This Order resolves only the alleged violations identified in this Order.
12. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the agreement and must not be regarded as precedential as to the appropriateness of any principle or methodology underlying the agreement.
13. The Commission denies all other motions and any other requests for general or specific relief, if not expressly granted.

Signed at Austin, Texas on the 3rd day of October 2024.

PUBLIC UTILITY COMMISSION OF TEXAS



THOMAS J. GLEESON, CHAIRMAN



LORI COBOS, COMMISSIONER



JIMMY GLOTFELTY, COMMISSIONER



KATHLEEN JACKSON, COMMISSIONER



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