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PROJECT NO. 57374

**EXEMPTION PROCESS FOR ERCOT
TECHNICAL STANDARDS**

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**PUBLIC UTILITY COMMISSION

OF TEXAS**

**COMMENTS OF
TEXAS ELECTRIC COOPERATIVES, INC.**

Texas Electric Cooperatives, Inc. (TEC) respectfully submits these comments in response to the Public Utility Commission of Texas (Commission) Staff's (Staff) proposal for publication regarding exemptions from ERCOT reliability standards¹ and the process for seeking exemptions from ERCOT technical standards.² TEC is the statewide association of electric cooperatives operating in Texas, representing its members except as their interests may be separately represented.³ The proposal for publication (PFP) deadline extension directs comments to be filed by February 18, 2025. These comments are timely filed.

I. Exemptions from ERCOT Reliability Requirements – General Comments

TEC understands that there can be reasonable cost considerations around regulations that require physical modifications to existing resources. TEC further appreciates that not all reliability risks are equal and that supply chain constraints may hamper a resource owner's ability to comply in all cases. That said, TEC and its members have a general concern with the concept of allowing exemptions from an ERCOT reliability requirement, regardless of whether it applies to generation resources or transmission resources, particularly if that exemption will pose substantial system risks. Accordingly, any exemptions granted should be narrow in scope with limited appeal. While TEC believes that any resource type may pose unique risks, due to recent debates in ERCOT and at the PUCT, TEC will use inverter-based resources (IBRs) as an example of resources that create circumstances where exemptions from reliability requirements may be inadvisable.

Multiple entities have highlighted the substantial growth of these resources and the related potential for system disturbances. First, ERCOT directly cites reliability in its vision and mission

¹ Proposal for Publication of New 16 TAC §25.517 (Dec. 17, 2024) (Exemption PFP).

² Proposal for Publication of Amended 16 TAC §22.251 (Dec. 17, 2024) (Process PFP).

³ TEC's 76 members include distribution cooperatives that provide retail electric utility service to approximately 5,000,000 consumers in statutorily authorized service areas that encompass more than half of the total area of the state. TEC's G&T members generally acquire generation resources and power supply for their member distribution cooperatives and deliver electricity to them at wholesale.

statements.⁴ Additionally, ERCOT's underlying statutory authority rests on its purpose to ensure a reliable and adequate electric network.⁵ It was through this lens of ensuring reliability that ERCOT initially proposed Nodal Operating Guide Revision Request (NOGRR) 245.⁶ In 2021 and 2022, several IBRs, mostly solar and some wind resources, experienced ride-through issues that led to major failures, known as the Odessa Disturbances.⁷ It was ERCOT's determination that IBR's may need to meet additional requirements and standards for ERCOT to ensure the operational reliability of those resources and to eliminate unacceptable risks to the ERCOT grid.⁸ Recognizing the potential threat to reliability posed by inverter based resources and ERCOT's unique position to assess and oversee reliability issues related to these resources, the Cooperative segment of the Technical Advisory Committee (TAC) consistently supported ERCOT's recommendations throughout the NOGRR 245 process.⁹

The Texas Reliability Entity (Texas RE) also submitted comments in support of ERCOT's position regarding NOGRR 245.¹⁰ Texas RE is an independent, non-profit organization tasked with ensuring ERCOT compliance with North American Electric Reliability Corporation (NERC) reliability standards. Following the Odessa Disturbances, Texas RE jointly authored a report with NERC, making recommendations for additional IBR ride-through requirements.¹¹ Texas RE noted in comments that these types of disturbances caused by less stringent ride-through requirements are not limited to Texas. Similar events took place in Utah, which led to an additional report from NERC and the Western Electricity Coordinating Council (WECC).¹² Following multiple regional events, the Federal Energy Regulatory Commission (FERC) issued an order to NERC, requiring new reliability standards to address gaps in IBR performance, including ride-through

⁴ <https://www.ercot.com/about/profile/vision> (“**Vision:** Lead with independent insight on the future of electricity reliability, markets, and technology in Texas in order to facilitate grid and market change for the benefit of all stakeholders. **Mission:** We serve the public by ensuring a reliable grid, efficient electricity markets, open access, and retail choice.”).

⁵ Public Utility Regulatory Act (“PURA”) §39.151(a)(2) (“A power region must establish one or more independent organizations to perform the following functions: ensure the reliability and adequacy of the regional electrical network.”).

⁶ NOGRR 245 (Jan. 11, 2023) (“ERCOT submits this NOGRR based on reliability issues associated with the inability of some IBRs to ride through system disturbances, and in light of the IEEE 2800-2022 standard.”).

⁷ *Id.*

⁸ *Id.*

⁹ NOGRR 245 PUCT Report at 6 - 9 (Sep. 30, 2024).

¹⁰ NOGRR 245 Texas RE Comments (Jan. 11, 2024).

¹¹ *Id.* at 1.

¹² *Id.* at 2.

requirements.¹³ As a result of the multiple, regional reports and the subsequent FERC order, Texas RE has also identified the ongoing issues related to IBR performance as a primary reliability risk to the ERCOT system.¹⁴

The Commission is being given information from different, independent entities tasked with reliability evaluations and oversight regarding the issues posed by IBR ride-through performance to system-wide, region-wide reliability impacts. The Commission should consider such identified risks when evaluating a resource owner's request for an exemption from ERCOT reliability requirements.

II. Exemption Process – Amended 16 TAC §22.251

TEC recommends that the Commission remove §22.251(r)(2) from the PFP. As published, subsection (r)(2) sets a specific list of intervenors permitted to participate in appeals of ERCOT reliability requirements. These intervenors should not be limited. If the complainant poses a true reliability risk, the potential harm extends far beyond those listed in subsection (r)(2).

Currently, a complainant appealing an ERCOT decision must file proper notice, which includes notice to ERCOT, any other entity from which relief is sought, the Office of Public Utility Counsel (OPUC), and any other party.¹⁵ The PFP removes this significant notice requirement.¹⁶ It is not clear why the duty to provide proper notice, including notice to the state's consumer advocate, OPUC, should be removed. Greater transparency is key when reliability issues are being adjudicated that will impact market participants and ultimately the public that the regulatory framework is intended to serve. TEC is concerned that the removal of required notice will limit the openness of the PUCT proceedings at a time when greater transparency is being required of the PUCT, ERCOT and market participants. Additionally, removal of notice in a proceeding combined with the limitation on interventions from affected parties sets a precedent that is inconsistent with the public nature of the regulatory process.

¹³ *Id.*

¹⁴ *Id.* at 3.

¹⁵ 16 TAC §22.251(d)(4).


¹⁶ Process PFP at 12.

III. Conclusion

TEC appreciates the opportunity to provide comment in response to the PFP and looks forward to working with Staff and the other stakeholders in this project.

Dated: February 18, 2025

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Zachary Stephenson', is written over a horizontal line.

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EXECUTIVE SUMMARY

Texas Electric Cooperatives Inc. makes the following recommendations:

- 1) TEC and its members have a general concern with the concept of allowing exemptions from ERCOT's reliability requirements.
- 2) The Commission, when considering an appeal, may wish to give extra weight when any resource is the subject of multiple warnings from independent entities tasked with reliability.
- 3) §22.251(r)(2) should be deleted to allow for other intervenors.
- 4) The duty to provide notice under §22.251 should be maintained.