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PROJECT NO. 57374

EXEMPTION PROCESS FOR ERCOT	§	PUBLIC UTILITY COMMISSION
	§	
TECHNICAL STANDARDS	§	OF TEXAS

INVENERGY COMMENTS

Invenergy Renewables LLC, Delilah Solar Energy LLC, Delilah Solar Energy II LLC, Desert Sky Wind Farm LLC, Goldthwaite Wind Energy LLC, Gunsight Mountain Wind Energy LLC, McAdoo Wind Energy LLC, Miami Wind LLC, Samson Solar Energy II LLC, Samson Solar Energy III LLC, Santa Rita East Wind LLC, Scurry County Wind LP, Scurry County Wind II LLC, Stanton Wind Energy LLC, Trent Energy Farm LLC, and Turkey Track Wind Energy LLC (collectively, “Invenergy”) respectfully submit the following comments on Public Utility Commission of Texas (“PUCT” or “Commission”) Staff’s Recommendation for Proposals of Publication of Amendments to 16 Tex. Admin. Code § 22.251 (“TAC”) and New 16 TAC § 25.517. Invenergy also supports and adopts the comments of the Joint Commenters, including their filed response to Commission Questions and comments on specific provisions of the rule.

Comments

Invenergy is a privately held developer and operator of clean energy solutions throughout the world and in Texas. It has 207 projects, including wind, solar, storage, and natural gas generation, in operation and under construction and contract. Invenergy’s 33,569 megawatts (“MW”) of projects are in North and South America, Europe, and Japan. In ERCOT, Invenergy’s affiliates have developed more than 4.6 gigawatts of solar and wind generation capacity, which produce enough electricity to power 1.3 million homes on an annual basis. In 2021, Invenergy made a \$1.6 billion capacity investment in Texas with its 1,310 MW Samson Solar Energy Center, which will be one of the largest solar generation facilities in the country. Invenergy employs approximately 200 Texans, and it is committed to maintaining the reliability of the ERCOT grid. Invenergy also invests in thermal development, and it closely monitors new state, federal, and wholesale market regulations that impact Invenergy’s existing and future generation investment.

As a threshold matter, Invenergy believes the promulgation of this rule is premature and that the Commission should not move forward with the rulemaking until either ERCOT or a qualified

third party have conducted reliability studies that demonstrate that current generation and load resource capabilities and limitations have caused a demonstrated unacceptable reliability risk that sufficiently justifies changing existing PUCT rules and ERCOT precedent, which heretofore have applied new reliability standards prospectively and exempted market participants from implementing new standards that would create damage to a resource's existing equipment. Under the current paradigm, ERCOT has managed system reliability risk, if any, with its discretionary authority to temporarily curtail transmission service customers in an emergency or for system reliability and its ability to support transmission solutions to manage system reliability. Proposed 16 TAC § 22.251 would change current rules and precedent and shift the burden to individual resources, rather than ERCOT, to manage systemwide reliability. The rule would also make ERCOT an outlier in comparison to other markets regarding the application of and exemption from new reliability standards for existing resources that comply with current standards for which they were designed but cannot comply with new standards due to physical limitations of their facilities.

ERCOT proposed departing from precedent with respect to resource exemptions in *Nodal Operating Guide Revision Request 245, Inverter-Based Resources (IBR) Ride-Through Requirements* ("NOGRR 245"), which addressed application of new Institute of Electrical and Electronics Engineers ("IEEE") 2800 voltage ride-through ("VRT") and frequency ride-through ("FRT") standards, with its proposal to apply the new standards to both existing and future wind, solar, and battery resources. Commission Staff's proposed rule and exemption process largely adopts the contested and disputed portions of ERCOT's original proposal in NOGRR 245 by mandating that existing resources meet new standards and, if not, provide ERCOT cost estimates to bring existing resources into compliance with newer standards, including items that may not be commercially reasonable. In NOGRR 245, ERCOT Staff took the position that existing IBRs should be required to comply with the new IEEE 2800 VRT and FRT standards and potentially make hardware retrofits if ERCOT, in its sole discretion, deemed it necessary, notwithstanding that IEEE 2800 itself does not recommend retroactive application or retrofits. The proposed rule would also give ERCOT authority to deny exemptions for existing resources, which could have the detrimental market impact of pushing existing resources to either go offline or make commercially unreasonable hardware updates and retrofits, which, in turn, sends negative market signals to generation investors.

Invenergy actively participated in stakeholder negotiations related to NOGRR 245 and ultimately supported a compromise that improved reliability in ERCOT and was adopted by the ERCOT Board and the Commission. That compromise required all new IBRs to comply with the new VRT and FRT standards if they had standard generation interconnection agreements executed after August 2024. It required all existing IBRs to “maximize” with software and parameter updates to mitigate voltage and frequency ride through risk to the maximum extent possible without damaging existing equipment and voiding equipment warranties. It also required all IBRs to provide better and more complete models for ERCOT so that ERCOT can better assess voltage ride-through risk, if any, from existing IBRs that were not built and designed to meet the new IEEE 2800 standards. This compromise is consistent with how the market has long handled exemptions for existing resources for new ERCOT requirements. Further, by April 1, 2025, all existing IBRs will be required to notify ERCOT of their notice of intent to request an exemption to the ride-through requirements due to the physical limitations and maximum ride-through capability of their as-built facilities.

Invenergy is concerned that Staff’s proposed rule injects regulatory uncertainty into generation investment in ERCOT without a demonstrated need to change existing rules and precedent. In addition to the ability to deny exemptions, the rule would allow ERCOT, at its discretion, to revoke exemptions after the fact. Both the denial and revocation of exemptions for existing facilities would interfere with reasonable, investment-backed expectations. This is not good policymaking and could discourage investment in ERCOT, which also impacts long-term reliability. ERCOT has the obligation to manage the aggregate reliability risk of new generation, load, and transmission topology. It should not penalize existing generation investment in the market in doing so.

Thus, the proposed rule should not move forward unless there is actual reliability risk from existing resources that cannot comply with ERCOT’s reliability standards. Put another way, there should be objective, quantitative evidence that, from a policy perspective, necessitates the level of risk that ERCOT and the Commission would be imposing on generation and load resources with this rule change. Accordingly, Invenergy recommends that a neutral, third-party be required to conduct a detailed reliability study after it receives information on generator capabilities and limitations that will be submitted by IBRs in April 2025 and after maximization requirements have

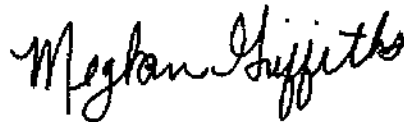
been implemented in December 2025. If the study demonstrates unacceptable reliability risk, then the Commission can consider a rule that carefully examines reasonable solutions to mitigate such risk, including looking at transmission and other grid solutions. Proceeding with the proposed rule without a study would constitute arbitrary rulemaking.

As stated, Invenergy also supports and adopts the comments of the Joint Commenters, including their filed response to Commission questions and comments on specific provisions of the rule.

Respectfully submitted,

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INVENERGY EXECUTIVE SUMMARY

Invenergy and its affiliated generation resources have significant concerns about the premature nature of the rulemaking, its potential negative impacts on existing generation resources, and the regulatory uncertainty it introduces, including:

- **Premature Rulemaking**: There is no ERCOT or third-party reliability study demonstrating that the capabilities and limitations of existing resources have caused an unacceptable reliability risk. Invenergy recommends that the Commission abate the rulemaking until such studies are conducted and reviewed.
- **Inconsistency with Existing Rules and Precedent**: The proposed rule contradicts existing PUCT rules and ERCOT precedent, which have historically applied new reliability standards prospectively and exempted existing resources from new standards that would damage their as-built equipment.¹ This paradigm shift could force existing resources to either go offline or make commercially unreasonable hardware updates and retrofit investments at a time when ERCOT needs every megawatt it can get.
- **Regulatory Uncertainty and Impact on Investment**: The proposed rule introduces significant regulatory uncertainty, which could discourage investment in ERCOT. The ability of ERCOT to deny or revoke exemptions for existing resources interferes with reasonable, investment-backed expectations and could negatively impact long-term reliability and market stability. This is not good policymaking.
- **Burden on Market Participants**: The rule shifts the burden of managing systemwide reliability from ERCOT to individual market participants. Additionally, it would position ERCOT as an outlier compared to other markets regarding the application of and exemption from new reliability standards. New standards are challenging for existing resources, which are built to the current standards at the time of their construction but may not be able to meet new requirements due to the physical limitations of their facilities.

Considering these concerns, Invenergy recommends that a neutral, third-party consultant conduct a detailed reliability study after ERCOT receives information on ride-through capabilities and limitations for inverter-based resources in April 2025 and maximization benefits are subsequently implemented in December 2025. This study should assess whether existing resources pose an unacceptable reliability risk before any rule changes are made.

Invenergy also supports and adopts the comments provided by the Joint Commenters, comprised of Invenergy Renewables LLC, NextEra Energy Resources LLC, Southern Power Company, Avangrid Renewables, and Clearway Renew, LLC.

¹ See 16 TAC § 25.503(f)(2)(C) and (3). See PURA § 39.151(l).