

## **Filing Receipt**

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## Memorandum

TO:	Interested Parties
FROM:	Werner Roth, Market Analysis Division Jessie Horn, Rules and Projects
DATE:	June 6, 2025
RE:	Project No. 58198, Rulemaking to Implement Firming Reliability Requirements for Electric Generating Facilities in the ERCOT Region Under PURA § 39.1592

As part of House Bill 1500 from the 88<sup>th</sup> Legislative Session, the Commission is required to define and enforce firming reliability requirements for electric generating facilities in the ERCOT region.<sup>1</sup> These requirements would apply to all electric generating facilities in the ERCOT region that sign a standard generation interconnection agreement (SGIA) on or after January 1, 2027, have been in operation for at least one year, and are not a self-generator.<sup>2</sup> Before filing the initial draft of the rule that would implement this new requirement, Staff is requesting responses to questions for public comment.

## Questions for public comment

Staff poses the following questions for public comment. Comments may be filed through the interchange on the Commission's website or by submitting a paper copy to Central Records, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326. Comments are due by June 27, 2025. All comments should reference Project No. 58198. Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should list each substantive recommendation made in the comments.

## Staff seeks comments in response to the following questions:

 PURA § 39.1592(b) requires owners or operators of electric generating facilities to demonstrate the ability "to operate or be available to operate when called on for dispatch at or above the seasonal average generation capability during the times of highest risk, as determined by the commission, due to low operation reserves, as determined by the commission."

<sup>&</sup>lt;sup>1</sup> Public Utility Regulatory Act, TEX. UTIL. CODE § 39.1592 (PURA).

<sup>&</sup>lt;sup>2</sup> PURA § 39,1592(a).

- a. How should the Commission calculate the seasonal average generation capability?
- b. What metric should be used to determine the times of highest risk due to low operation reserves?
- c. How many hours should be included to capture the times of highest risk? Should it include a certain number of hours in each season or specific hours each day?
- d. How should availability during the hours of highest risk be calculated for an electric generating facility? For example, what resource statuses should be considered when evaluating real-time availability for these hours?
- e. Should the Commission rely on historic data to determine an electric generating facility's seasonal average generation capability and availability during the hours of highest risk?
  - i. If so, how many years of historic availability/performance data should be utilized to determine an electric generating facility's seasonal average generation capability and an electric generating facility's availability during the hours of highest reliability risk?
- f. Should capacity from electric generating facilities to which PURA § 39.1592 does not apply (i.e., those with a SGIA executed before January 1, 2027, those that have not been in operation for one year, or self-generators) be eligible to satisfy the reliability requirements of others? If so, how should the quantity of eligible megawatts (MW) from those electric generating facilities be determined?
- 2) PURA § 39.1592(c) requires the Commission to establish financial penalties for failing to comply with the performance requirements in PURA § 39.1592(b) and provide financial incentives for exceeding those performance requirements.
  - a. What is the appropriate penalty for electric generating facilities that fail to comply with these performance requirements?
  - b. By what method should ERCOT impose those penalties?
  - c. How should the collected penalty funds be allocated amongst electric generating facilities that exceed the performance requirements? Should any of the penalty funds collected be returned to load? If so, how should these funds be allocated to load?
  - d. What should the incentives be based on for those electric generating facilities that exceed the performance requirements?
- 3) PURA § 39.1592(d) limits when a penalty may be assessed to electric generating resources.
  - a. PURA § 39.1592(d)(1) exempts resources from being assessed a penalty when they are unavailable due to planned maintenance outages or transmission outages.
    - i. Is the current planned outage approval process sufficient to ensure that generators on a planned maintenance outage are not penalized, or would the approval process need to be modified prior to these reliability requirements becoming effective?

- ii. How should this exemption account for planned de-ratings for the electric generating facilities?
- b. PURA § 39.1592(d)(2) provides an exemption for an electric generating facility that is already subject to performance obligations during the highest reliability risk hours under the Day-Ahead Market (DAM) rules or other ancillary or reliability services.
  - i. If the Commission were to establish an explicit list of ancillary and reliability services that have performance obligations during the highest reliability risk hours as described in PURA § 39.1592(d)(2), which services should be included?
  - ii. Can an electric generating facility providing these services still contribute to over-performance?
  - iii. Should providing these services exempt the entire electric generating facility from these reliability requirements or only the portion that is subject to these performance obligations (e.g., only exempt 10 MW for a 100 MW generator providing 10 MW of reliability services)?
- 4) How frequently should this program be settled and how should ERCOT's credit processes account for this program?
- 5) Is an electric generating facility with a SGIA signed before January 1, 2027, that makes upgrades that increase the capacity of the electric generating facility such that the SGIA is amended after January 1, 2027 subject to the generation reliability requirements under PURA § 39.1592?
- 6) What additional issues related to these new reliability requirements should the Commission consider as it drafts the rule to implement this statute?