



Control Number: 54584



Item Number: 47

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PUBLIC UTILITY COMMISSION  
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# **OPEN MEETING COVER SHEET**

## **COMMISSIONER MEMORANDUM**

<b>MEETING DATE:</b>	<b>September 28, 2023</b>
<b>DATE DELIVERED:</b>	<b>September 27, 2023</b>
<b>AGENDA ITEM NO.:</b>	<b>28</b>
<b>CAPTION:</b>	<b>Project No. 54584 – Reliability Standard for the ERCOT Market</b>
<b>DESCRIPTION:</b>	<b>Memorandum of Commissioner McAdams</b>

# *Public Utility Commission of Texas*

## **Commissioner Memorandum**

**TO:** Interim Chair Kathleen Jackson  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

**FROM:** Commissioner Will McAdams *WM*

**DATE:** September 27, 2023

**RE:** September 28, 2023 Open Meeting – Item No. 28

Project No. 54584 – *Reliability Standard for the ERCOT Market*

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I appreciate the effort and thought that ERCOT has put into a comprehensive reliability study. Given that it is an evolving process with engagement from the Commission and the stakeholder community, I would like to ask ERCOT to compile all of the inputs and assumptions that are included in the current Strategic Energy & Risk Valuation Model (SERVM) model runs into a simple to read table. In doing so, all interested parties will have a better understanding of what other scenarios could be considered in the decision-making process.

That table should include the following information:

- **Model Inputs** – this would include the test year, Cost of New Entry (CONE), market prices, scarcity pricing, coal and natural gas prices, value of lost load (VOLL), weather distributions, resource mix used, planned and unplanned outages, derates, dispatch limitations, demand response forecast, load forecast, solar forecast, wind forecast, hydro forecast, transmission constraints, gas-electric coordination, weatherization effectiveness, and any other major inputs that ERCOT uses for the SERVM model.
- **Assumptions, values, and sensitivities** – ERCOT should provide a high-level description of the assumptions made and any discrete values that are used in the SERVM model runs.
- **References** – if a more detailed explanation of the model input has been provided in the past, ERCOT should provide a reference to the document or presentation.

To the extent that it makes sense, ERCOT should indicate what aspects of reliability are excluded from the modeling efforts such as transmission and distribution outages. By clearly stating what is and is not included in the model, the Commission and the public can appropriately narrow its focus on resource adequacy for this effort.

In addition to the model inputs, it would be helpful for ERCOT to describe the SERVM model outputs. In particular, I'd like to better understand the dollar values that SERVM is able to estimate.

I would also like ERCOT to provide the following information for reference and clarity:

- 1.) Please provide the magnitude and duration of the outages during the winters of 2011 and 2021 in the context of the study.
- 2.) Please provide a comparison of the “Total Variable Cost” to the actual historical market costs.
- 3.) Please describe how the results of the VOLL study will be incorporated with the SERVVM model runs? Will the model be able to reflect different VOLLs for different customer classes.
- 4.) Please explain how distributed energy resources (DERs) are incorporated in the SERVVM model including settlement only distributed generators, distributed generation resources, and unregistered DERs.
- 5.) How do size and location of generation resources affect the model results?
- 6.) Are there trends in recent years that deviate in intensity from past years, and does the SERVVM model weigh these factors differently, e.g., load growth, unplanned outages, weather?
- 7.) Please describe how conservative operation are or are not reflected in the SERVVM model. If not, why not?
- 8.) Are historical gas pipeline constraints or deliverability issues reflected in the SERVVM model?
- 9.) Could transmission and distribution outages be incorporated into the SERVVM model in the future? ERCOT and Commission Staff had recommended a separate deliverability study once the final market design is implemented. What do you think that would look like?

I look forward to discussing this matter with you at the Open Meeting on September 28, 2023.