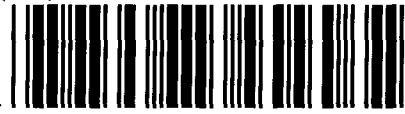


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Item Number: 5

Addendum StartPage: 0

2016 NOV -1 PM 12: 52

AGREED NOTICE OF VIOLATION §
AND SETTLEMENT AGREEMENT §
RELATING TO GDF SUEZ ENERGY §
MARKETING NA, INC.'S VIOLATION §
OF PURA § 39.151(j), 16 TAC §
§ 25.503(f)(2), AND ERCOT §
PROTOCOLS § 8.1.1.4.3(3)(a) §
RELATED TO NON-SPINNING §
RESERVE SERVICE ENERGY §
DEPLOYMENT CRITERIA §

PUBLIC UTILITY COMMISSION
 PUBLIC UTILITY COMMISSION
 FILING CLERK
OF TEXAS

ORDER

Pursuant to 16 Tex. Admin. Code § 22.246(g)(1)(C) (TAC), this Order approves the Settlement Agreement and Report to Commission between the Staff of the Public Utility Commission of Texas and GDF Suez Energy Marketing NA, Inc. (GDF) regarding Commission Staff's investigation of GDF for violation of PURA¹ § 39.151(j) and 16 TAC § 503(f)(2), concerning failure to adhere to Electric Reliability Council of Texas (ERCOT) Protocols § 8.1.1.4.3(3)(a), related to non-spinning reserve service (NSRS) energy deployment criteria on August 8, 2015 and August 12, 2015. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty of \$30,000. GDF agreed to pay the recommended administrative penalty. The Agreement is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

1. GDF is an authorized Qualified Scheduling Entity (QSE), as defined by ERCOT Protocols § 2.1.
2. NSRS is an ancillary service that provides additional generating capacity in the event that scheduled electricity generation in the ERCOT region is inadequate to meet demand. Scheduled generation may be inadequate for reasons such as unexpected generating unit trips or weather-related increases in demand relative to forecast levels.

¹ Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 11.001-58.303 (West 2016), §§ 59.001- 66.017 (West 2007 & Supp. 2016) (PURA).

3. ERCOT Protocols and Market Guides require that a QSE update the telemetered Ancillary Service Schedule to zero within 20 minutes following a NSRS deployment instruction reflecting the deployment amount.²
4. On August 8, 2015, ERCOT issued NSRS deployment instructions for the generation resource TGF_TGFGT_1 (the Unit). The Unit had an issued NSRS obligation of 74 MW. The Unit was at the required generation output within the required 25 minutes of being requested by ERCOT. The real telemetered status of the Unit was telemetered to ERCOT every few seconds as required under the ERCOT Protocols.
5. GDF failed to update the Ancillary Service Schedule for the Unit to zero within 20 minutes of receiving the deployment instruction on August 8, 2015. GDF did not update their Ancillary Service Schedule for the Unit to zero until 1 hour and 40 seconds after receiving the deployment instruction.
6. On August 12, 2015, ERCOT issued NSRS deployment instructions for the Unit. The Unit had an issued NSRS obligation of 74 MW. The Unit was at the required generation output within the required 25 minutes of being requested by ERCOT. The real telemetered status of the Unit was telemetered to ERCOT every few seconds as required under the ERCOT Protocols.
7. GDF failed to update the Ancillary Service Schedule for the Unit within 20 minutes of receiving the deployment instruction on August 12, 2015. GDF did not update their Ancillary Service Schedule for the Unit to zero until 38 minutes and 10 seconds after receiving the deployment instruction.
8. ERCOT cannot deploy NSRS unless the Ancillary Service Schedule is correctly updated.
9. GDF has corrected the errors that led to these violations and has successfully deployed NSRS since August 12, 2015.

² ERCOT Protocol § 8.1.1.4.3(3)(a); ERCOT Market Guide, Nodal Non-Spinning Reserve Service Deployment Procedures § 2.1, Off-Line Generation Resource Reserved for Non-Spin (August 11, 2010).

10. On or about July 29, 2016, GDF was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.
11. GDF fully cooperated with Commission Staff's investigation.
12. GDF acknowledges the alleged violations detailed in this Order.
13. GDF participated in one or more settlement discussions with Commission Staff to resolve this matter.
14. On September 13, 2016, the parties entered into the Agreement resolving the alleged violations. Commission Staff recommended, and GDF agreed to pay, an administrative penalty of thirty thousand dollars (\$30,000).
15. The Agreement provides for a reasonable resolution of this dispute.

II. Conclusions of Law

1. GDF is a QSE pursuant to 16 TAC § 25.5(95).
2. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 39.151(j).
3. GDF was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.
4. Pursuant to ERCOT Protocols § 8.1.1.4.3(3)(a), "Within 20 minutes following a deployment instruction, the QSE must update the telemetered Ancillary Service Schedule for Non-Spin for Generation, Resources and Controllable Load Resources to reflect the deployment amount."
5. Pursuant to ERCOT Nodal Non-Spinning Reserve Service Deployment Procedures § 2.1, a "QSE will ensure that the Non-Spin Ancillary Service Schedule telemetry for that unit has been reduced to zero within 20 minutes of dispatch instructions."
6. GDF failed to meet the performance criteria of ERCOT Protocols § 8.1.1.4.3(3)(a) and ERCOT Nodal Non-Spinning Reserve Service Deployment Procedures § 2.1 on August 8,

2015 and August 12, 2015 in violation of PURA § 39.151(j) and the requirements of 16 TAC § 25.503(f)(2).

7. The Agreement is a report of settlement to the Commission as required by 16 TAC § 22.246(g)(1).
8. This docket was processed in accordance with applicable statutes and Commission rules.
9. The requirements for informal disposition pursuant to 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 Order:

1. The Agreement, provided with this Order as Attachment 1, is approved, and the parties shall be bound by its terms.
2. GDF shall pay an administrative penalty to the Commission in the amount of thirty thousand dollars (\$30,000). GDF shall remit payment of the full amount of the administrative penalty on or before thirty (30) calendar days after the date this Order is signed. Payment of the administrative penalty may be made by check payable to the Public Utility Commission of Texas and shall reference this docket. If paying by check, the check shall be sent to the following address:

Public Utility Commission of Texas
P.O. Box 13326
Austin, Texas 78711
ATTN: Fiscal Services

3. GDF shall file an affidavit of payment in this docket no later than five calendar days after the payment is made.
4. The Commission shall not be constrained in any manner from requiring additional action or penalties for violations that are not raised here.
5. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Entry of this Order shall not

be regarded as a binding holding or precedent as to the appropriateness of any principle or methodology underlying the Agreement.

6. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

Signed at Austin, Texas the 1st day of ~~October~~^{November} 2016.

PUBLIC UTILITY COMMISSION OF TEXAS



DONNA L. NELSON, CHAIRMAN



KENNETH W. ANDERSON, JR., COMMISSIONER



BRANDY MARTY MARQUEZ, COMMISSIONER

DOCKET NO. **46360**

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AGREED NOTICE OF VIOLATION §
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DEPLOYMENT CRITERIA §

PUBLIC UTILITY COMMISSION
OF TEXAS

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas and GDF Suez Energy Marketing NA, Inc. (GDF) enter into this Settlement Agreement and Report to Commission. This Agreement resolves and concludes Commission Staff's investigation of GDF for violation of Section 39.151(j) of the Public Utility Regulatory Act¹ (PURA) and 16 Texas Admin. Code (TAC) § 25.503(f)(2), concerning failure to adhere to Electric Reliability Council of Texas (ERCOT) Protocols § 8.1.1.4.3(3)(a), related to non-spinning reserve service (NSRS) energy deployment criteria on August 8, 2015 and August 12, 2015.

The Parties agree as follows:

1. The parties stipulate to the facts contained in the attached Proposed Order and request approval of the Order by the Commission.
2. The Commission has jurisdiction over the parties to this proceeding and the subject matter of this Agreement.
3. Commission Staff recommends, and GDF agrees to pay, an administrative penalty of Thirty Thousand Dollars (\$30,000) in full and final settlement of the alleged violations described in the attached Proposed Order.

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

4. Within twenty minutes of a deployment instruction, a Qualified Scheduled Entity (QSE) representing off-line generating units providing NSRS must update the telemetered Ancillary Service Schedule for Non-Spin for Generation Resources and Load Resources to zero, which indicates to ERCOT's Security-Constrained Economic Dispatch (SCED) that the resource is available to be deployed.¹
5. Each QSE is responsible for each resource's ability to meet its obligation to provide the ancillary service.²
6. On August 8, 2015, ERCOT issued NSRS deployment instructions for the generation resource TGF_TGFGT_1 (the Unit). The Unit had an issued NSRS obligation of 74 MW. The Unit was at the required generation output within the required 25 minutes of being requested by ERCOT. The real telemetered status of the Unit was telemetered to ERCOT every few seconds as required under the ERCOT Protocols.
7. GDF failed to update the Ancillary Service Schedule for the Unit to zero within 20 minutes of receiving the deployment instruction on August 8, 2015. GDF did not update their Ancillary Service Schedule for the Unit to zero until 1 hour and 40 seconds after receiving the deployment instruction (40 minutes and 40 seconds after it was required to have updated the Ancillary Service Schedule).
8. On August 12, 2015, ERCOT issued NSRS deployment instructions for the Unit. The Unit had an issued NSRS obligation of 74 MW. The Unit was at the required generation output within the required 25 minutes of being requested by ERCOT. The real telemetered status of the Unit was telemetered to ERCOT every few seconds as required under the ERCOT Protocols.
9. GDF failed to update the Ancillary Service Schedule for the Unit within 20 minutes of receiving the deployment instruction on August 12, 2015. GDF did not update their Ancillary Service Schedule for the Unit to zero until 38 minutes and 10 seconds after receiving the deployment instruction (18 minutes and 10 seconds after it was required to have updated the Ancillary Service Schedule).

¹ ERCOT Protocols § 8.1.1.4.3(3)(a) ; ERCOT Market Guide, Nodal Non-Spinning Reserve Service Deployment Procedures § 2.1, Off-Line Generation Resource Reserved for Non-Spin (August 11, 2010).


² ERCOT Protocols § 8.1.1.2.1.3(5).

10. ERCOT cannot deploy NSRS unless the Ancillary Service Schedule is correctly updated.
11. GDF has corrected the errors that lead to these violations and has successfully deployed NSRS since August 12, 2015.
12. This Agreement resolves all claims related to GDF's obligations pursuant to PURA § 39.151(j) and 16 TAC § 25.503(f)(2) concerning failure to adhere to ERCOT Protocols § 8.1.1.4.3(3)(a) related to NSRS energy deployment criteria obligations on August 8, 2015 and August 12, 2015.
13. GDF has cooperated fully with Commission Staff's investigation of this matter.
14. Unless specifically provided for in this Agreement, GDF waives any notice and procedures that might otherwise be authorized or required in this proceeding.
15. Nothing in this Agreement shall limit Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.
16. This Agreement fully and finally resolves all issues related to alleged Commission rule violations arising out of the facts described herein for the Unit on August 8, 2015 and August 12, 2015.
17. A party's support of the resolution of this docket in accordance with this Agreement may differ from its position or testimony regarding contested issues of law, policy, or fact in other proceedings before the Commission or other forums. Because this is a settlement agreement, a party is under no obligation to take the same position as set out in this Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The parties' agreement to entry of a final order of the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.
18. The parties contemplate that this Agreement will be approved pursuant to 16 TAC § 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the parties agree that any party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available

under law. The right to withdraw must be exercised by providing the other party written notice within 20 calendar days of the date the Commission files the final order acting on this Agreement. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.

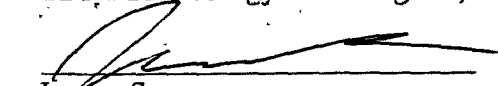
19. This Agreement is the final and entire agreement between the parties regarding its terms and supersedes all other communications among the parties or their representatives regarding its terms.
20. Each person executing this Agreement represents that he or she has been authorized to sign on behalf of the Party represented. Copies of signatures are valid to show execution. If this Agreement is executed in multiple counterparts, each is deemed an original but all of which constitute the same Agreement.
21. GDF warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED by the Parties by their authorized representatives designated below.



Stefaan Sercu
President and CEO
GDF SUEZ Energy Marketing NA, Inc.

Date: 9/12/2016



Jessica Soos
Attorney
Oversight and Enforcement Division
Public Utility Commission of Texas

Date: 9/13/2016