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PUBLIC UTILITY COMMISSION  
OF TEXAS

PUBLIC UTILITY COMMISSION  
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AGREED NOTICE OF VIOLATION §  
AND SETTLEMENT AGREEMENT §  
RELATING TO VIOLATION BY NRG §  
TEXAS POWER LLC OF PURA §  
§ 39.151(j) AND 16 TAC § 25.503(f)(2), §  
CONCERNING COMPLIANCE WITH §  
ERCOT PROTOCOLS § 8.1.1.4.3(3) §  
RELATING TO NON-SPINNING §  
RESERVE SERVICE ENERGY §  
DEPLOYMENT CRITERIA §

**ORDER**

Pursuant to 16 Texas Administrative Code § 22.246(g)(2) (TAC), this Order approves the settlement agreement and report to Commission between Commission Staff and NRG Texas Power, LLC (NRG Texas), regarding Commission Staff's investigation of NRG Texas for alleged violations of PURA<sup>1</sup> § 39.151(j) and 16 TAC § 25.503(f)(2), concerning compliance with ERCOT Protocols § 8.1.1.4.3(3) relating to non-spinning reserve service energy deployment criteria. The agreement resolves all issues in this docket. Commission Staff recommended, and NRG Texas agreed to pay, an administrative penalty of \$40,000. The agreement is approved.

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

**I. Findings of Fact**

1. NRG Texas is an authorized Qualified Scheduling Entity (QSE), as defined by ERCOT Protocols § 2.1.
2. NRG Texas is the QSE for the off-line generating unit GBY\_GBYGT74 (the unit), providing non-spinning reserve service (NSRS).
3. On August 13, 2015 at 03:06:16 PM, NRG Texas received a NSRS deployment instruction for resource GBY\_GBYGT74. NRG Texas set the ancillary service schedule to zero at

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

- 3:29:36 PM. The unit reached the required 27MW at 3:36:26 PM. At 3:48:16 PM, NRG Texas changed the resource status code to indicate that the unit was online.
4. NRG Texas failed to set the ancillary service schedule to zero within 20 minutes after deployment. NRG Texas did not update their ancillary service schedule for the unit to zero until 23 minutes and 20 seconds after receiving the deployment instruction (3 minutes and 20 seconds late).
  5. The unit failed to reach 90% of its low sustained limit (LSL) within 25 minutes of deployment, reaching this point 30 minutes and 10 seconds after receiving the deployment instruction (5 minutes and 10 seconds late).
  6. NRG Texas failed to change the resource status code to indicate that the unit was online, changing the code 42 minutes after receiving the deployment instructions and 12 minutes after reaching its required LSL.
  7. NRG Texas implemented measures to address NRG systems and the conditions at the unit and in NRG Texas's operational systems that led to the alleged violations, including automation of NRG Texas's energy management system to provide immediate telemetry changes required by the ERCOT Protocols and taking a maintenance outage to install upgrades on the unit prior to offering the unit for service again. These measures are designed to prevent the circumstances leading to the alleged violations from occurring in the future.
  8. NRG Texas participated in one or more settlement discussions with Commission Staff to resolve this matter.
  9. On October 18, 2016, the parties entered into an agreement resolving the violations. Commission Staff recommended, and NRG Texas agreed to pay, an administrative penalty of \$40,000.
  10. The agreement provides for a reasonable resolution of this matter.

## II. Conclusions of Law

1. 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).

2. NRG Texas 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.
3. Under PURA § 39.151(j), retail electric providers, municipally owned utilities, electric cooperatives, power marketers, transmission and distribution utilities, and power generation companies are required to comply with the ERCOT operating and reliability policies, rules, guidelines, and procedures or be subject to revocation, suspension, or amendment of their certification or to the imposition of administrative penalties.
4. Under 16 TAC § 25.503(f)(2), market participants are required to comply with ERCOT Protocols and any official interpretation of the Protocols issued by ERCOT or the Commission.
5. Each QSE is responsible for each of its resources' ability to meet the resource's obligation to provide ancillary service.<sup>2</sup>
6. Within twenty minutes of a deployment instruction, a 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.<sup>3</sup>
7. Within twenty-five minutes of a deployment instruction, off-line generation resources, must be on-line with an energy offer curve and the telemetered net generation must be greater than or equal to the resource's telemetered LSL multiplied by P1.<sup>4</sup> Once the generation resource has met that threshold and within twenty-five minutes of a deployment instruction, the resource status code must be telemetered as "ON" to indicate that the resource is online.<sup>5</sup>

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<sup>2</sup> ERCOT Protocols § 8.1.1.2.1.3(5).

<sup>3</sup> 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).

<sup>4</sup> P1 is defined in the "ERCOT and QSE Operations Business Practices During the Operating Hour."

<sup>5</sup> ERCOT Protocols § 8.1.1.4.3(3)(b).

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

1. The agreement, provided with this Order as Attachment 1, is approved, and the parties shall be bound by its terms.
2. NRG Texas shall pay an administrative penalty to the Commission in the amount of \$40,000. NRG Texas shall remit payment of the full amount of the administrative penalty on or before thirty 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. NRG Texas 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 1<sup>st</sup> day of December 2016.

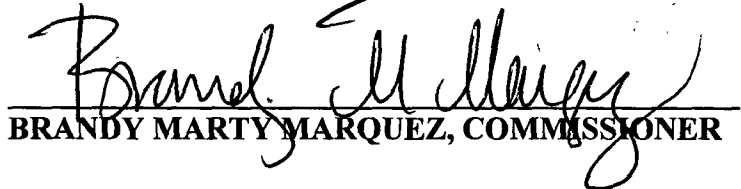
**PUBLIC UTILITY COMMISSION OF TEXAS**



**DONNA L. NELSON, CHAIRMAN**



**KENNETH W. ANDERSON, JR., COMMISSIONER**



**BRANDY MARTY MARQUEZ, COMMISSIONER**

DOCKET NO. 46453

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 §

**BEFORE THE**  
**PUBLIC UTILITY COMMISSION**  
**OF TEXAS**

**SETTLEMENT AGREEMENT AND REPORT TO THE COMMISSION**

Staff of the Public Utility Commission of Texas (Commission) and NRG Texas Power LLC (NRG Texas), (together, Parties) enter into this Settlement Agreement and Report to the Commission (Agreement). This Agreement resolves and concludes Commission Staff's investigation of NRG Texas for alleged violations of Section 39.151(j) of the Public Utility Regulatory Act<sup>1</sup> (PURA) and 16 Tex. Admin. Code (TAC) § 25.503(f)(2), concerning compliance with ERCOT Protocols § 8.1.1.4.3(3) relating to non-spinning reserve service energy deployment criteria.

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 this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 39.151(j).
3. Commission Staff recommends and NRG Texas agrees to pay an administrative penalty of Forty Thousand dollars (\$40,000.00) for the alleged violations described in the attached Proposed Order.
4. NRG Texas is the QSE for the off-line generating unit GBY\_GBYGT74 (the Unit), providing non-spinning reserve service (NSRS).

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

5. Each QSE is responsible for each resource's ability to meet the resources obligation to provide ancillary service.<sup>2</sup>
6. PURA § 39.151(j) requires retail electric providers, municipally owned utilities, electric cooperatives, power marketers, transmission and distribution utilities, and power generation companies to comply with the ERCOT operating and reliability policies, rules, guidelines, and procedures or be subject to revocation, suspension, or amendment of their certification or to the imposition of administrative penalties.
7. 16 TAC § 25.503(f)(2) requires market participants to comply with ERCOT Protocols and any official interpretation of the Protocols issued by ERCOT or the Commission.
8. 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.<sup>3</sup>
9. Within twenty-five minutes of a deployment instruction, Off-Line Generation Resources must be On-Line with an Energy Offer Curve and the telemetered net generation must be greater than or equal to the Resource's telemetered LSL multiplied by P1.<sup>4</sup> Once the Generation Resource has met that threshold and within twenty-five minutes of a deployment instruction, the Resource Status Code must be telemetered as "ON" to indicate that the Resource is online.<sup>5</sup>
10. On August 13, 2015 at 03:06:16 PM, NRG Texas received a NSRS deployment instruction for resource GBY\_GBYGT74. NRG Texas set the Ancillary Service Schedule to zero at 3:29:36 PM. The Unit reached the required 27MW at 3:36:26 PM. At 3:48:16 PM, NRG Texas changed the Resource Status code to indicate that the Unit was online.

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<sup>2</sup> ERCOT Protocols § 8.1.1.2.1.3(5)

<sup>3</sup> 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).

<sup>4</sup> P1 is defined in the "ERCOT and QSE Operations Business Practices During the Operating Hour."

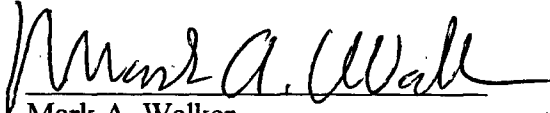
<sup>5</sup> ERCOT Protocols § 8.1.1.4.3(3)(b)



11. NRG Texas failed to set the Ancillary Service Schedule to zero within 20 minutes after deployment. NRG Texas did not update their Ancillary Service Schedule for the Unit to zero until 23 minutes and 20 seconds after receiving the deployment instruction (3 minutes and 20 seconds late).
12. The Unit failed to reach 90% of its LSL within 25 minutes of deployment, reaching this point 30 minutes and 10 seconds after receiving the deployment instruction (5 minutes and 10 late).
13. NRG Texas failed to change the Resource Status code to indicate that the Unit was online, changing the code 42 minutes after receiving the deployment instructions and 12 minutes after reaching its required LSL.
14. After August 13, 2015, NRG Texas implemented measures to address NRG operational systems and the conditions at the Unit that led to the alleged violations, including automation of NRG Texas' energy management system to provide immediate telemetry changes required by the ERCOT Protocols and taking a maintenance outage to install upgrades to the Unit prior to offering the Unit for service again. These measures are designed to prevent the circumstances leading to the alleged violations from occurring in the future.
15. NRG Texas has cooperated fully with Commission Staff's and Texas Reliability Entity's investigation of the Unit's compliance with the NSPS deployment requirements.
16. This Agreement fully and finally resolves all claims for any alleged violations specifically described herein.
17. This Agreement resolves all claims related to NRG Texas' acts or omissions concerning compliance with NSRS deployment criteria.
18. 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.
19. Unless specifically provided for in this Agreement, NRG Texas waives any notice and procedures that might otherwise be authorized or required in this proceeding.

20. Nothing in this Agreement shall limit the Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.
21. 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.
22. 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.
23. 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.
24. NRG Texas warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED by the Parties through their authorized representatives designated below.



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Date: October 13, 2016



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Date: 10/18/16