

Control Number: 46927



Item Number: 1

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DOCKET NO. **46927**

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PUBLIC UTILITY COMMISSION

OF TEXAS

AGREED NOTICE OF VIOLATION AND §
SETTLEMENT AGREEMENT §
RELATING TO TWIN EAGLE §
RESOURCE MANAGEMENT, LLC'S §
VIOLATIONS OF PURA § 39.151(J), 16 §
TAC 25.503(F)(2), AND ERCOT §
PROTOCOLS §§ 6.5.7.9(7) AND 6.5.5.2(3), §
RELATED TO FAILURE TO COMPLY §
WITH ERCOT DISPATCH §
INSTRUCTIONS AND OPERATIONAL §
DATA REQUIREMENTS §

APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT

Staff of the Public Utility Commission of Texas ("Commission") and Twin Eagle Resource Management, LLC ("Twin Eagle") (together, the "Parties") enter into this Settlement Agreement and Report to Commission ("Agreement"). This Agreement resolves and concludes Commission Staff's investigation of Twin Eagle for violations of Section 39.151(j) of the Public Utility Regulatory Act¹ (PURA) and 16 Tex. Admin. Code (TAC) § 25.503(f)(2), concerning compliance with Electric Reliability Council of Texas (ERCOT) Protocols §§ 6.5.7.9(7) and 6.5.5.2(3), related to failure to comply with ERCOT dispatch instructions and operational data requirements.

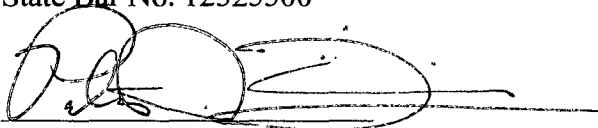
Staff respectfully requests that the Parties' Application for Approval of Settlement Agreement be granted.

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

DATE: March 8, 2017

Respectfully Submitted,

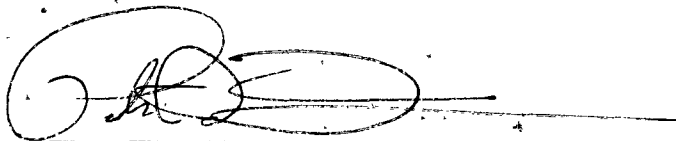
Robert M. Long
Division Director
Oversight and Enforcement Division
State Bar No. 12525500



Patrick Dinnin
Attorney-Oversight and Enforcement Division
State Bar No. 24087844

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 8th day of March, 2017, in accordance with 16 TAC § 22.74.



Patrick Dinnin

DOCKET NO. _____

AGREED NOTICE OF VIOLATION §
AND SETTLEMENT AGREEMENT §
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VIOLATIONS OF PURA § 39.151(j), 16 §
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6.5.5.2(3), RELATED TO FAILURE TO §
COMPLY WITH ERCOT DISPATCH §
INSTRUCTIONS AND OPERATIONAL §
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PUBLIC UTILITY COMMISSION
OF TEXAS

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas (Commission) and Twin Eagle Resource Management, LLC (“Twin Eagle” or “QWVER1”) (together, the “Parties”) enter into this Settlement Agreement and Report to the Commission (Agreement). This Agreement resolves and concludes Commission Staff’s investigation of Twin Eagle for violations of Section 39.151(j) of the Public Utility Regulatory Act¹ (PURA) and 16 Tex. Admin. Code (TAC) § 25.503(f)(2), concerning compliance with Electric Reliability Council of Texas (ERCOT) Protocols §§ 6.5.7.9(7) and 6.5.5.2(3), related to failure to comply with ERCOT dispatch instructions and operational data requirements.

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 Twin Eagle agrees to pay an administrative penalty of one hundred twenty-five thousand dollars (\$125,000.00) for the 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. Twin Eagle is an authorized qualified scheduling entity (QSE), as defined by ERCOT Protocols § 2.1, for the Snyder Wind Generation Resource (ENAS_ENA1).
5. Twin Eagle is referred to as QTWER1 in ERCOT in its capacity as a QSE.
6. Under PURA § 39.151(j), a “power generation company shall observe all scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, and procedures established by the independent system operator in ERCOT.” Section 39.151(j) goes on to provide that “[f]ailure to comply with this subsection may result in the revocation, suspension, or amendment of a certificate as provided by Section 39.356 or in the imposition of an administrative penalty as provided by Section 39.357.”
7. 16 TAC § 25.503(f)(2) states that “[a] market participant shall comply with ERCOT procedures and any official interpretation of the Protocols Issued by ERCOT or the Commission.”
8. ERCOT Protocols § 6.5.7.9(7) requires an Intermittent Renewable Resource (IRR), including wind-powered generation resources (WGR), to comply with ERCOT dispatch instructions when receiving a flag signifying that the IRR has received a base point below the High Dispatch Limit (HDL) used by ERCOT’s Security-Constrained Economic Dispatch system (SCED).
9. ERCOT Protocols § 6.5.5.2(3) states that “[f]or each [WGR], the QSE shall set the High Sustainable Limit (HSL) equal to the current net output capability of the facility. The net output capability should consider the net real power of the WGR, turbine availability, weather conditions, and whether the WGR net output is being affected by compliance with a SCED Dispatch Instruction.”
10. ERCOT reported that on April 24, 2015, an issue was escalated to the ERCOT control room shift supervisor regarding a failure to curtail generation at ENAS_ENA1 as directed by ERCOT. ERCOT’s compliance department followed up with QTWER1 regarding the issues encountered on April 24, 2015 but they were unable to resolve the issues with ENAS_ENA1 and therefore escalated the issue to Texas Reliability Entity (Texas RE).

11. Based on information provided to Commission Staff by Texas RE, Commission Staff reviewed curtailment events involving QTWER1 between March 2014 and April 2015. The review revealed 29 instances where QTWER1 did not properly implement ERCOT dispatch instructions in accordance with ERCOT Protocols §§ 6.5.7.9(7) & 6.5.5.2(3), outlined in Table 1 below. QTWER1 sent curtailment flag notifications to ENAS_ENA1 in each instance, however, ENAS_ENA1 failed to manually reduce the Base Points.

3/26/2014 14:11 through 3/26/2014 14:40	4/03/2014 23:36 through 4/04/2014 00:05
3/26/2014 16:51 through 3/26/2014 17:20	4/16/2014 05:46 through 4/16/2014 06:15
3/26/2014 17:26 through 3/26/2014 18:25	4/16/2014 07:16 through 4/16/2014 08:15
3/26/2014 20:41 through 3/26/2014 21:10	4/16/2014 08:21 through 4/16/2014 08:50
3/26/2014 21:41 through 3/26/2014 22:10	4/16/2014 09:31 through 4/16/2014 09:55
3/27/2014 05:56 through 3/27/2014 06:25	4/16/2014 10:16 through 4/16/2014 10:41
3/30/2014 08:01 through 3/30/2014 08:30	4/16/2014 11:46 through 4/16/2014 12:15
3/30/2014 10:06 through 3/30/2014 10:35	4/26/2014 23:06 through 4/26/2014 23:25
3/30/2014 23:36 through 3/31/2014 01:05	10/13/2014 11:06 through 10/13/2014 11:35
3/31/2014 01:16 through 3/31/2014 01:45	10/13/2014 11:51 through 10/13/2014 12:20
3/31/2014 05:06 through 3/31/2014 05:35	10/13/2014 12:26 through 10/13/2014 13:25
3/31/2014 06:50 through 3/31/2014 07:20	12/29/2014 18:16 through 1/29/2014 18:45
4/03/2014 02:01 through 4/03/2014 02:30	4/24/2015 03:36 through 4/24/2015 04:05
4/03/2014 04:16 through 4/03/2014 04:45	4/24/2015 23:31 through 4/24/2015 24:00
4/03/2014 17:16 through 4/03/2014 17:39	

12. In general, QTWER1 performed the following actions in these 29 instances as follows:
- a) QTWER1 reduced the HSL to match the reduced Base Point Dispatch Instruction received from ERCOT instead of ensuring that the telemetered HSL represented

the potential maximum output in real time for the WGR. QTWER1 sent curtailment flag notifications to ENAS_ENA1 in each instance, however, ENAS_ENA1 failed to manually reduce the Base Points.

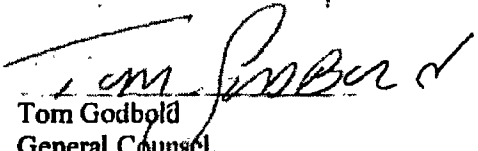
- b) Due to the incorrect HSL, ERCOT's SCED perceived that the congestion issue requiring the reduced output at ENAS_ENA1 no longer existed and caused SCED to reverse the curtailment instruction by changing the SCED Base Point Below HDL (SBBH) value from "ONLINE" to "OFFLINE."
13. QTWER1 failed to ensure that the actual generation output at ENAS_ENA1 was reduced to comply with the Base Point Dispatch Instructions that followed the curtailment flag (telemetered by ERCOT to QTWER1). The Energy Management System (EMS) utilized by QTWER1 for management of the ENAS_ENA1 unit used telemetry logic that referred to the current net output capability data point during times of curtailment to generate a HSL value. QTWER1 cites both equipment and telemetry issues at the ENAS_ENA1 unit as the cause of ENAS_ENA1 telemetering the incorrect HSL value to QTWER1. During all time periods in question the value provided was below the actual HSL/output capability of ENAS_ENA1. The result of this incorrect data was that QTWER1's EMS would automatically reduce the HSL value for ENAS_ENA1 in response to the "curtailment flag," 5 minutes before the reduced base point was received."
14. Generally, Staff asserts that QTWER1's actions in the 29 instances had the following effects:
- a. The "OFFLINE" value for SBBH (curtailment flag) exempted QTWER1 from Base Point Deviation Charges, which would have been assessed for continuing to generate in excess of the base point dispatch instruction, since charges are only assessed on WGRs during a curtailment.
 - b. Turning off curtailment flag resulted in QTWER1 not being scored for Generation Resource Energy Deployment Performance (GREDP) compliance during any intervals where they were generating in excess of base point instructions.

15. To address the aforementioned effects, ENAS_ENA1 and QTWER1 assert that they have implemented the following:
 - a. ENAS_ENA1 has corrected the net output capability data point to reflect accurate expected output potential.
 - b. QTWER1 has implemented logic changes to more readily identify instances in which the net output capability telemetered from the plant becomes static, which could be a sign of a potential malfunction in the value of net output capability received via telemetry.
 - c. QTWER1 has implemented a visual Base Point graph to monitor in real time any deviation between ERCOT dispatch instructions and actual generation from ENAS_ENA1.
 - d. QTWER1 has provided additional training with the dispatch group on curtailment procedures and developed additional written curtailment procedures.
16. Commission Staff concludes that QTWER1 had 29 violations of ERCOT Protocols § 6.5.7.9(7) because it failed to comply with an ERCOT dispatch instructions, and ERCOT Protocols § 6.5.5.2(3) because it failed to comply with operational data requirements from March 2014 through April 2015.
17. This Agreement fully and finally resolves all claims for any violations specifically described herein, and any and all other violations of ERCOT Protocols §§ 6.5.7.9(7) and 6.5.5.2(3) through December 31, 2015, whether known or unknown.
18. Unless specifically provided for in this Agreement, Twin Eagle waives any notice and procedures that might otherwise be authorized or required in this proceeding.
19. 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.
20. 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

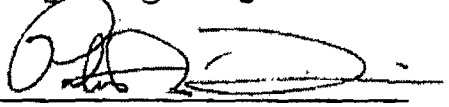
Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The Parties' agreement to entry of a final order of the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.

21. 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.
22. 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.
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 constitute the same Agreement.
24. Each of the parties 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.


Tom Godbold
General Counsel
Twin Eagle Resource Management, LLC
(713) 341-7378
tom.godbold@twineagle.com

Date: 3/2/17


W. Patrick Dinnin
Attorney - Oversight and Enforcement Division
Public Utility Commission of Texas
State Bar No. 24097603
(512) 936-7285
patrick.dinnin@puc.texas.gov

Date: 03/08/2017

DOCKET NO.

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PUBLIC UTILITY COMMISSION
OF TEXAS

PROPOSED ORDER

Pursuant to 16 Tex. Admin. Code § 22.246(g)(1)(C) (TAC), this Order approves the Settlement Agreement and Report to Commission (Agreement) between the Staff of the Public Utility Commission of Texas (Commission) and Twin Eagle Resource Management, LLC (Twin Eagle, QTWER1), (collectively, the Parties) regarding Commission Staff's investigation of Twin Eagle for violations of section 39.151(j) of the Public Utility Regulatory Act² (PURA) and 16 Tex. Admin. Code (TAC) § 25.503(f)(2), concerning compliance with Electric Reliability Council of Texas (ERCOT) Protocols §§ 6.5.7.9(7) and 6.5.5.2(3), related to failure to comply with ERCOT dispatch instructions and operational data requirements. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty of one hundred twenty-five thousand dollars (\$125,000), which Twin Eagle agreed to pay. The Agreement is approved.

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

I. Findings of Fact

1. Twin Eagle is an authorized qualified scheduling entity (QSE), as defined by ERCOT Protocols § 2.1, for the Snyder Wind Generation Resource (ENAS_ENA1).

² Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

2. Twin Eagle is referred to as QTWER1 in ERCOT in its capacity as a QSE.
3. ERCOT Protocols § 6.5.7.9(7) requires an Intermittent Renewable Resource (IRR), including Wind-powered Generation Resources (WGR), to comply with ERCOT dispatch instructions when receiving a flag signifying that the IRR has received a base point below the High Dispatch Limit (HDL) used by ERCOT's Security-Constrained Economic Dispatch system (SCED).
4. ERCOT Protocols § 6.5.5.2(3) states that “[f]or each [WGR], the QSE shall set the High Sustainable Limit (HSL) equal to the current net output capability of the facility. The net output capability should consider the net real power of the WGR, turbine availability, weather conditions, and whether the WGR net output is being affected by compliance with a SCED Dispatch Instruction.”
5. Based on information provided to Commission Staff by Texas RE, Commission Staff reviewed curtailment events involving QTWER1 between March of 2014 and April of 2015. The review revealed 29 instances where QTWER1 did not properly implement ERCOT dispatch instructions in accordance with ERCOT Protocols §§ 6.5.7.9(7) & 6.5.5.2(3), outlined in Table 1 below. In each of the following instances, QTWER1 provided ENAS_ENA1 with a notification regarding ERCOT's dispatch instructions, but ENAS_ENA1 failed to reduce the Base Point:

3/26/2014 14:11 through 3/26/2014 14:40	4/03/2014 23:36 through 4/04/2014 00:05
3/26/2014 16:51 through 3/26/2014 17:20	4/16/2014 05:46 through 4/16/2014 06:15
3/26/2014 17:26 through 3/26/2014 18:25	4/16/2014 07:16 through 4/16/2014 08:15
3/26/2014 20:41 through 3/26/2014 21:10	4/16/2014 08:21 through 4/16/2014 08:50
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3/30/2014 23:36 through 3/31/2014 01:05	10/13/2014 11:06 through 10/13/2014 11:35
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4/03/2014 04:16 through 4/03/2014 04:45	4/24/2015 23:31 through 4/24/2015 24:00
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6. QTWER1 reduced the HSL to match the reduced Base Point Dispatch Instruction received from ERCOT instead of ensuring that the telemetered HSL represented the potential maximum output in real time for the WGR.
7. Due to the incorrect HSL, ERCOT's SCED perceived that the congestion issue requiring the reduced output at ENAS_ENA1 no longer existed and caused SCED to reverse the curtailment instruction by changing the SCED Base Point Below HDL (SBBH, Curtailment Flag) value from "ONLINE" to "OFFLINE."
8. QTWER1 failed to ensure that the actual generation output at ENAS_ENA1 was reduced to comply with the Base Point Dispatch Instructions that followed the Curtailment Flag (telemetered by ERCOT to QTWER1).
9. The Energy Management System (EMS) utilized by QTWER1 for management of the ENAS_ENA1 unit used telemetry logic that referred to the current net output capability data point during times of curtailment to generate an HSL value.
10. QTWER1 cites both equipment and telemetry issues at the ENAS_ENA1 unit as the cause of ENAS_ENA1 telemetering the incorrect HSL value to QTWER1.
11. During all time periods in question the value provided was below the actual HSL/output capability of ENAS_ENA1. The result of this incorrect data was that QTWER1's EMS

would automatically reduce the HSL value for ENAS_ENA1 in response to the Curtailment Flag, five minutes before the reduced base point was received.

12. Twin Eagle fully cooperated with Commission Staff's investigation.
13. Twin Eagle understands the basis for the violations detailed in this Order.
14. Twin Eagle participated in one or more settlement discussions with Commission Staff to resolve this matter.
15. On February X, 2017, the Parties entered into the Agreement resolving the violations. Commission Staff recommended, and Twin Eagle agreed to pay an administrative penalty of one hundred twenty-five dollars (\$125,000).
16. The Agreement provides for a reasonable resolution of this dispute.

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. Twin Eagle 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), a "power generation company shall observe all scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, and procedures established by the independent system operator in ERCOT." Section 39.151(j) goes on to provide that "[f]ailure to comply with this subsection may result in the revocation, suspension, or amendment of a certificate as provided by Section 39.356 or in the imposition of an administrative penalty as provided by Section 39.357." Under 16 TAC § 25.503(f)(2) "[a] market participant shall comply with ERCOT procedures and any official interpretation of the Protocols Issued by ERCOT or the Commission."
4. ERCOT Protocols § 6.5.7.9(7) requires an Intermittent Renewable Resource (IRR), including WGRs, to comply with ERCOT dispatch instructions when receiving a flag signifying that the IRR has received a base point below the High Dispatch Limit (HDL) used by ERCOT's Security-Constrained Economic Dispatch system (SCED).

5. ERCOT Protocols § 6.5.5.2(3) states that “[f]or each Wind-powered Generation Resource (WGR), the QSE shall set the High Sustainable Limit (HSL) equal to the current net output capability of the facility. The net output capability should consider the net real power of the WGR, turbine availability, weather conditions, and whether the WGR net output is being affected by compliance with a SCED Dispatch Instruction.”
6. Under 16 TAC § 22.246(g)(1)(A), (B), and (C) a report of a settlement to the Commission and a written order that approves the settlement shall be issued to the Commission.
7. The Agreement is a report of settlement to the Commission as required by 16 TAC § 22.246(g).
8. This docket was processed in accordance with applicable statutes and Commission rules.
9. 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 order:

1. The Agreement, provided with this Order as Attachment 1, is approved, and the Parties shall be bound by its terms.
2. Twin Eagle shall pay an administrative penalty to the Commission in the amount of one hundred twenty-five thousand dollars (\$125,000). Twin Eagle 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. Twin Eagle 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 addressed by the Agreement.
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 _____ day of January 2017.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER