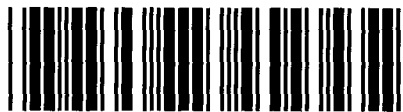




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DOCKET NO. **47094** APR 24 PM 1:48

**AGREED NOTICE OF VIOLATION
AND SETTLEMENT AGREEMENT
RELATING TO EDF TRADING
NORTH AMERICA LLC'S
VIOLATIONS OF PURA § 39.151(j),
P.U.C. SUBST. R. 25.503(f)(2), AND
ERCOT PROTOCOL § 6.4.4.1,
RELATED TO ENERGY OFFER
CURVE FOR RUC-COMMITTED
RESOURCES**

PUBLIC UTILITY COMMISSION
FIELD CLERK

OF TEXAS

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas (Commission or PUC) and EDF Trading North America, LLC (EDF) (collectively, the Parties) enter into this Settlement Agreement and Report to Commission (Agreement). This Agreement revolves and concludes Commission Staff's investigation of EDF for violations of Section 39.151 of the Public Utility Regulatory Act¹(PURA) and 16 Tex. Admin. Code § 25.503(f)(2) (TAC) for violation of ERCOT Protocols § 6.4.4.1 for RUC-committed resources.

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 EDF agrees to pay, an administrative penalty of One Hundred Thousand Dollars (\$100,000) for EDF's violations described in the attached Proposed Order and herein.
4. In January 2015, ERCOT Protocols § 6.4.4.1 required that a "QSE shall ensure that an [EOC] that prices all energy from LSL to HSL at or above \$1,500 per MWh for the

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

Operating Hours in the RUC commitment period, has been submitted and accepted by ERCOT.”²


5. Nueces Bay Combined Cycle 1 (NUECES_B_CC1) was a Reliability Unit Committed (RUC) resource for hours ending 10-17 on January 11, 2015.
6. EDF failed to price the energy from LSL to HSL at or above \$1,500 per MWh for the resource NUECES_B_CC1 on January 11, 2015 during hours-ending 10-17.
7. EDF asserts that it has taken the following actions in an effort to prevent future violations of a similar nature:
 - a. Implemented a secondary redundant system to pull RUC instructions from ERCOT;
 - b. Emails are sent to applicable personnel from both systems pulling RUC instructions;
 - c. Internal alerts to be triggered should either system fail to properly send RUC instructions;
 - d. Additionally, EDF is in the final stages of developing a new internal system, which upon receipt of the RUC instruction will automatically update the Energy Offer Curves in the Current Operating Plans.
8. This Agreement fully and finally resolves all claims and issues related to the violations arising out of the facts described herein and EDF’s obligations pursuant to PURA § 39.151(j) and 16 TAC § 25.503(f)(2) for NUECES_B_CC1 on January 11, 2015.
9. EDF has cooperated fully with Commission Staff’s investigation of this matter.
10. Unless specifically provided for in this Agreement, EDF waives any notice and procedures that might otherwise be authorized or required in this proceeding.
11. 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.
12. 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

² ERCOT Protocol § 6.4.4.1 (as of 1/11/2015).

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.

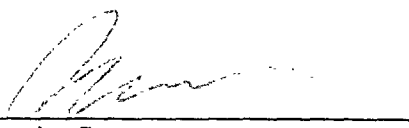
13. The Parties contemplate that this Agreement will be approved pursuant to 16 TAC § 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the Parties agree that any Party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available under the 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.
14. 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.
15. 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.
16. EDF 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.



Gerald Nemeč, General Counsel
EDF Trading North America, LLC

Date: 4/20/17



Jessica Soos

Date: 4/24/17

Attorney
Oversight and Enforcement Division
Public Utility Commission of Texas

DOCKET NO. _____

**AGREED NOTICE OF VIOLATION
AND SETTLEMENT AGREEMENT
RELATING TO EDF TRADING
NORTH AMERICA LLC'S
VIOLATIONS OF PURA § 39.151 (j),
P.U.C. SUBST. R. 25.503(f)(2), AND
ERCOT PROTOCOL § 6.4.4.1,
RELATED TO ENERGY OFFER
CURVE FOR RUC-COMMITTED
RESOURCES**

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PUBLIC UTILITY COMMISSION

OF TEXAS

PROPOSED ORDER

In accordance with 16 Tex. Admin. Code § 22.246(g)(1)(C), this Order approves the Settlement Agreement and Report to Commission (Agreement) between Staff of the Public Utility Commission of Texas (Commission) and EDF Trading North America, LLC (EDF) (collectively, the Parties) regarding Commission Staff's investigation of EDF for violations of Section 39.151 of the Public Utility Regulatory Act³ (PURA) and 16 Tex. Admin. Code § 25.503(f)(2) concerning failure to adhere to Electric Reliability Council of Texas (ERCOT) Protocols § 6.4.4.1 for RUC-committed resources. The Agreement resolves all issues in this docket. Commission Staff recommends an administrative penalty of \$100,000. EDF 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. EDF is an authorized Qualified Scheduling Entity (QSE), as defined by ERCOT Protocols § 2.1.
2. In January 2015, ERCOT Protocols § 6.4.4.1 required that a "QSE shall ensure that an [EOC] that prices all energy from LSL to HSL at or above \$1,500 per MWh for the

³ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001-58.303 (West 2016), §§ 59.001-66.017 (West 2007 & Supp. 2016) (PURA).

Operating Hours in the RUC commitment period, has been submitted and accepted by ERCOT.”⁴

3. Nueces Bay Combined Cycle 1 (NUECES_B_CC1) was a Reliability Unit Committed (RUC) resource for hours ending 10-17 on January 11, 2015.
4. EDF did not price the energy from LSL to HSL at or above \$1,500 per MWh for the resource NUECES_B_CC1 on January 11, 2015 during hours-ending 10-17.
5. EDF asserted that it took the following steps in an effort to prevent future violations:
 - a. Implemented a secondary redundant system to pull RUC instructions from ERCOT;
 - b. Emails are sent to applicable personnel from both systems pulling RUC instructions;
 - c. Internal alerts to be triggered should either system fail to properly send RUC instructions;
 - d. Additionally, EDF is developing a new internal system, which upon receipt of the RUC instruction automatically updates the Energy Offer Curves in the Current Operating Plan. The new internal system is scheduled to be fully implemented prior July 1, 2017.
6. This Agreement resolves all claims related to EDF’s obligations pursuant to PURA § 39.151(j) and 16 TAC § 25.503(f)(2) for NUECES_B_CC1 on January 11, 2015.
7. EDF fully cooperated with Commission Staff’s investigation.
8. EDF acknowledges the violations detailed in this Order.
9. EDF participated in one or more settlement discussions with Commission Staff to resolve this matter.
10. On April 24, 2017, the Parties entered into the Agreement resolving the violations. Commission Staff recommended, and EDF agreed to pay, and administrative penalty of \$100,000.
11. The Agreement provides for a reasonable resolution of this dispute.
12. The Agreement is in the public interest.

II. CONCLUSIONS OF LAW

1. EDF is a QSE under 16 TAC § 25.5(95).

⁴ ERCOT Protocol § 6.4.4.1 (as of 1/11/2015).

2. The Commission has jurisdiction over this matter under PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 39.151(j).
3. EDF 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. In January 2015, ERCOT Protocols § 6.4.4.1 required that a "QSE shall ensure that an [EOC] that prices all energy from LSL to HSL at or above \$1,500 per MWh for the Operating Hours in the RUC commitment period, has been submitted and accepted by ERCOT."⁵
5. EDF failed to price the energy from LSL to HSL at or above \$1,500 per MWh for the resource NUECES_B_CC1 on January 11, 2015 during hours-ending 10-17 in violation of PURA § 39.151 (j) and 16 TAC § 25.503(f)(2).
6. Pursuant to 16 TAC § 22.246(g)(1) issuance of a report of a settlement to the Commission and a written order that approves the settlement is required.
7. The Agreement is a report of settlement to the Commission as required by 16 TAC § 22.246(g)(1).
8. The requirements for informal disposition pursuant to 16 TAC § 22.35 have been met in this proceeding.
9. This docket was processed in accordance with applicable statutes and Commission rules.

III. ORDERING PARAGRAPHS

In accordance with these findings of facts 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 be bound by its terms.
2. EDF shall pay an administrative penalty to the Commission in the amount of \$100,000. EDF shall remit payment of the full amount of the administrative penalty on or before thirty (30) calendar days after the date of this Order is signed. Payment of the administrative penalty shall 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:

⁵ ERCOT Protocol § 6.4.4.1 (as of 1/11/2015).