UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

North American Electric Reliability Corporation Docket No. RR23-1

**Comment of Public Citizen, Inc.**

On May 15, the North American Electric Reliability Corporation (NERC) petitioned for approval of revisions to the Texas Reliability Entity, Inc. *Regional Reliability Standards Development Process*, by which Texas RE develops reliability standards for the Electric Reliability Council of Texas (ERCOT).

Section 1.1 of the Texas Reliability Entity, Inc. *Regional Standards Development Process* is titled “Reliability and Market Principles” and states, in part:

*While NERC Reliability Standards are intended to promote [Bulk Power System] BPS reliability, they must also accommodate competitive electricity markets. Reliability is a necessity for electricity markets, and robust electricity markets can support reliability. The intent of considering the NERC Market Principles is to ensure that Regional Standards are written to achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets. Recognizing that BPS reliability and electricity markets are inseparable and mutually interdependent, all Regional Standards shall be consistent with the NERC Market Principles.*

The assertion that federal reliability standards “must also accommodate competitive electricity markets” and must “ensure that Regional Standards are written to achieve their reliability objective without causing undue restrictions or adverse impacts on competitive electricity markets” is unsupported by any facts or statute. In reality, “competitive electricity markets” are struggling mightily to preserve reliability, and often competitive markets are the culprit in eroding BPS reliability. As FERC Commissioner Mark C. Christie recently wrote: “The experience of ERCOT – the purest example of a market approach to reliability through use of SCP scarcity pricing -- during Winter Storm Uri should disabuse anyone but the most committed theorist of the belief that a pure market approach will be effective in ensuring reliability during extreme weather and unanticipated demand spikes.”[[1]](#footnote-1)

Indeed, Texas lawmakers have explicitly rejected “competitive electricity markets” for ERCOT in passing legislation that will instead rely on subsidies and mandates to keep the lights on, including a new, annual $1 billion fund to pay natural gas generators to operate during reliability events, and the creation of a dispatchable reliability reserve service.[[2]](#footnote-2)

This follows the Commission’s February 16, 2023 order in Docket RD23-1 which compels generators to comply with new cold weather preparedness plans, including mandated winterization of equipment.

NERC’s claim that reliability rules must not interfere with “competitive electricity markets” is unsupported by any facts or statute, and all references should be removed from the *Regional Reliability Standards Development Process*.

Respectfully submitted,

Tyson Slocum, Energy Program Director

Public Citizen, Inc.

215 Pennsylvania Ave SE

Washington, DC 20003

(202) 454-5191

[tslocum@citizen.org](mailto:tslocum@citizen.org)

Filed June 5, 2023

1. *It’s Time to Reconsider Single-Clearing Price Mechanisms in U.S. Energy Markets*, at page 12, www.eba-net.org/wp-content/uploads/2023/05/3-Commr-Christie1-30-1.pdf [↑](#footnote-ref-1)
2. www.utilitydive.com/news/texas-plan-to-provide-generators-with-incentives-worth-up-to-1b-annually-h/651484/ [↑](#footnote-ref-2)