

PROJECT NO. 38470

CONFIDENTIALITY OF ELECTRIC	§	PUBLIC UTILITY COMMISSION
GENERATION INFORMATION IN	§	
THE ELECTRIC RELIABILITY	§	OF TEXAS
COUNCIL OF TEXAS REGION	§	
	§	

**PROPOSAL FOR PUBLICATION OF AN AMENDMENT TO §25.505
AS APPROVED AT THE AUGUST 19, 2010 OPEN MEETING**

The Public Utility Commission of Texas (commission) proposes an amendment to §25.505, relating to Resource Adequacy in the Electric Reliability Council of Texas Power Region. The amendment will clarify the timing for release of transmission system information contained in the Electric Reliability Council of Texas (ERCOT) State Estimator Report. The amendment requires that in the nodal market design the ERCOT State Estimator Report be posted 14 days after the date for which the data was accumulated. Section 25.505 is a competition rule subject to judicial review as specified in Public Utility Regulatory Act (PURA) §39.001(e). Project Number 38470 is assigned to this proceeding.

Section 25.505 was initially adopted in Project Number 31972 and subsequently amended in Project Number 33490. In both of these rulemaking proceedings, the commission considered the appropriate timeframe for the disclosure of disaggregated, or entity-specific, information. Market participants rely on all information available to them, including both aggregated and disaggregated information, to inform their daily market related decisions and their understanding of how the competitive market operates. However, the release of disaggregated information, and particularly the timing of the release, raises concerns that some parties may be able to gain an improper advantage from the information or that commercially sensitive information may be

compromised. Section 25.505 currently provides different disclosure requirements for the zonal market and the nodal market, for aggregated and disaggregated information, and for certain price-setting bids. The State Estimator Report that was designed for use in the ERCOT Nodal Market contains data about the transmission system, including transmission line and transformer flows, voltages, and tap positions. It can be argued that early release of the State Estimator Report is necessary in order to understand events that occur in the market and to confirm that the market is operating as would be expected. On the other hand, it can be argued that the premature release of the State Estimator Report can be used to infer information that would otherwise be considered disaggregated (competitively-sensitive) information, such as bid curves, generator on-off status, and generator operating levels. To address these competing concerns, the amendment to §25.505 requires that the State Estimator Report be released 14 days after the day for which the information was accumulated. The commission understands that it is not feasible at this time to change the content of the State Estimator Report prior to the expected Nodal Go-Live date (December 1, 2010).

The commission invites comments and specific recommendation on the appropriate timing for release of the State Estimator Report. Please describe with examples where possible the benefits to your company and the competitive market, as well as the risks to your company and the market, of different possible release times.

Richard Greffe, Senior Market Economist, Competitive Markets Division, has determined that for each year of the first five-year period the amendment is in effect there will be no fiscal

implications for state or local government as a result of enforcing or administering the amendment.

Mr. Greffe has determined that for each year of the first five years the amendment is in effect the public benefit anticipated as a result of enforcing the amendment will be greater transparency of information concerning transmission system conditions in the ERCOT region of Texas. Greater transparency of information, including transmission line and transformer flows and voltages, will result in a more competitive wholesale electric market in ERCOT that will enable market participants to make decisions based on a more complete understanding of system conditions without creating opportunities to exercise market power or divulging information that is commercially sensitive.

Mr. Greffe has determined that there will be no adverse economic effect on small businesses or micro-businesses as a result of enforcing the amendment. Therefore, no regulatory flexibility analysis is required. There may be small economic costs to ERCOT, who is required to comply with the amendment, and participants in the ERCOT wholesale market associated with minor modifications to data processing systems that exist or are currently under development. The costs are likely to vary from business to business, and they are difficult to ascertain; however, it is believed that the benefits accruing from implementation of the amendment section will outweigh these costs.

Mr. Greffe has also determined that for each year of the first five years the amendment is in effect there should be no effect on a local economy, and therefore no local employment impact

statement is required under Administrative Procedure Act (APA), Texas Government Code §2001.022.

The commission staff will conduct a public hearing on this rulemaking, if requested pursuant to the Administrative Procedure Act, Texas Government Code §2001.029, at the commission's offices located in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas 78701 on Monday, October 4, 2010. The request for a public hearing must be received within 20 days after publication.

Initial comments on the amendment may be submitted to the Filing Clerk, Public Utility Commission of Texas, 1701 North Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326, within 20 days after publication. Sixteen copies of comments on the amendment are required to be filed pursuant to §22.71(c) of this title. Reply comments may be submitted within 28 days after publication. Comments should be organized in a manner consistent with the organization of the amended rule. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the amendment. The commission will consider the costs and benefits in deciding whether to adopt the amendment. All comments should refer to Project Number 38470.

This amendment is proposed under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (Vernon 2007 and Supp. 2010) (PURA), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically, §35.004, which requires that the commission ensure that ancillary

services necessary to facilitate the transmission of electric energy are available at reasonable prices with terms and conditions that are not unreasonably preferential, prejudicial, discriminatory, predatory, or anticompetitive; §39.001, which establishes the legislative policy to protect the public interest during the transition to and in the establishment of a fully competitive electric power industry; §39.101, which establishes that customers are entitled to safe, reliable, and reasonably priced electricity, and gives the commission the authority to adopt and enforce rules to carry out these provisions; §39.151, which requires the commission to oversee and review the procedures established by an independent organization, directs market participants to comply with such procedures, and authorizes the commission to enforce such procedures; it also authorizes the commission to require an independent organization to provide reports and information relating to the independent organization's performance of its functions; and §39.157, which directs the commission to monitor market power associated with the generation, transmission, distribution, and sale of electricity and provides enforcement power to the commission to address any market power abuses.

Cross reference to statutes: Public Utility Regulatory Act §§ 14.002, 35.004, 39.001, 39.101, 39.151, and 39.157.

§25.505. Resource Adequacy in the Electric Reliability Council of Texas Power Region.

(a) - (e) (No change.)

(f) **Publication of resource and load information in ERCOT markets.** To increase the transparency of the ERCOT-administered markets, ERCOT shall post at a publicly accessible location on its website, beginning no later than October 1, 2006, the information required pursuant to this subsection, unless a different date is specified by a paragraph of this subsection.

(1) - (2) (No change.)

(3) The following information in entity-specific form, for each settlement interval, shall be posted as specified below.

(A) - (D) (No change.)

(E) Notwithstanding the provisions of paragraph (3)(B) of this subsection, beginning 14 days after the start of operation of the market under a nodal market design, the State Estimator Report shall be posted 14 days after the day for which the data was accumulated. The State Estimator Report shall include, but not be limited to, transmission flows and voltages and transformer flows, voltages, and tap positions.

(g) - (h) (No change.)

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

**ISSUED IN AUSTIN, TEXAS ON THE 20TH DAY OF AUGUST 2010 BY THE
PUBLIC UTILITY COMMISSION OF TEXAS
ADRIANA A. GONZALES**

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