
City Council Regular Meeting

DEPARTMENT: Legal

FROM: Matt Ribitzki, Deputy City Attorney/Compliance Manager

MEETING: October 17, 2022

SUBJECT:

Consider approval of a resolution authorizing the City's 2023 membership application to the Electric Reliability Council of Texas (ERCOT); and authorizing the City Manager to vote on behalf of the City in all ERCOT elections. (*Staff Contact: Matt Ribitzki, Deputy City Attorney/Compliance Manager*)

SUMMARY:

Membership in the Electric Reliability Council of Texas ("ERCOT") is a straightforward and cost-effective way for the City to influence electric policy in Texas.

ERCOT is the entity that is responsible for operating the electric grid in the deregulated portion of Texas. Furthermore, ERCOT maintains the set of complicated rules that frame the way that electricity is bought and sold in the deregulated wholesale market. Through a process of negotiation and deliberation within committees of interested parties, the ERCOT stakeholder process is constantly reviewing and revising these rules, known as the ERCOT protocols. Most of the issues addressed at ERCOT are addressed nowhere else—the Public Utility Commission has largely delegated these issues to the ERCOT stakeholder process.

Consumers, such as cities and other political subdivisions, have a voice in ERCOT's decision-making process. Each segment of the ERCOT market has a vote on issues before ERCOT, through its representatives on the Technical Advisory Committee ("TAC"), the Wholesale Market Subcommittee ("WMS"), and the Retail Market Subcommittee ("RMS").

TAC, WMS, and RMS are the bodies responsible for making the most important decisions about the detailed workings of the ERCOT market. These decisions can have bottom-line impacts on electricity prices. A total of 137 cities and other political subdivisions joined ERCOT in 2022, including Dallas, Fort Worth, Arlington, Crowley, Cleburne, Benbrook, Bedford, and Hurst. With this membership strength, cities successfully elected two city representatives to TAC and one director to ERCOT's Board of Directors for 2022. A strong contingent of city members would make continuation of this strong presence likely for 2023.

As you know, consumers in ERCOT face constant efforts by power generators and power marketers to modify the electricity market in ways that would increase prices. In 2023, ERCOT

and the PUC will continue their work on several major market redesign initiatives. As a result, Cities' presence in the ERCOT process as a voice for consumers continues to be important.

Membership to ERCOT is based on an annual application, and the City's application would be for membership for the 2023 year. The application cost is one hundred dollars.

Membership to ERCOT is recommended by the Texas Coalition for Affordable Power and Lloyd Gosselink, the law firm that represents the steering committees for cities served by Oncor and Atmos.

The City Council will need to adopt the resolution prior to November 18, 2022, for the membership application to be timely submitted.

OPTIONS:

- 1) Approve the resolution authorizing the City's 2023 membership application to the Electric Reliability Council of Texas.
- 2) Deny the resolution authorizing the City's 2023 membership application to the Electric Reliability Council of Texas.

RECOMMENDATION:

Staff recommends Option (1) approve the resolution authorizing the City's 2023 membership application to the Electric Reliability Council of Texas.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

None.

FISCAL IMPACT:

N/A

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