

Memorandum



CITY OF DALLAS

DATE August 23, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **ERCOT Board Member Stakeholder Engagement**

This week, the Electric Reliability Council of Texas ([ERCOT](#)) began board member engagement meetings to hear directly from stakeholders regarding its policies and the organization's recently released [2024-2028 Strategic Plan](#). The City of Dallas is the largest commercial user in North Texas and a corporate member of ERCOT, and thus was invited to participate in these engagement meetings. Chad West, Chairman of the Government Performance and Financial Management Committee, Nick Fehrenbach, the City's utilities regulatory compliance manager, and Carrie Rogers, Director of the Office of Government Affairs represented the City of Dallas at ERCOT's engagement meeting.

ERCOT serves as the facilitator and regulator of power across the state. It does not own any transmission lines; however, it is responsible for regulating and ensuring the utility providers are delivering a reliable source of electricity for their customers. The City of Dallas' Transmission and Distribution utility is Oncor.

The City of Dallas' comments during the ERCOT meetings focused on (1) grid reliability and (2) reasonable rates. During Storm Uri (February 2021), like the rest of the State of Texas, the Dallas community was significantly impacted by rolling blackouts across the city. Proper weatherization was not in place as had been expected, and generators intended to serve as reserve relied on a gas supply that was not available during the storm. A severe spring storm in May 2024 resulted in extended power outages for parts of our city. Oncor and the City of Dallas Office of Emergency Management and Crisis Response have met several times since the May 2024 event and continue to identify areas in which as partners we can improve communication, coordination, and data-sharing. Oncor also recently published a draft Resiliency Plan that is currently under review by the Public Utility Commission. And though not directly impacting Dallas, Hurricane Beryl in Houston over the summer further resulted in additional challenges and lessons for utility providers.

Chairman West emphasized the urgent need for reliable data and communications during critical times. All agreed that regardless of the utility provider, ERCOT held a leadership role in ensuring correct, timely and thorough information was shared with impacted communities across the market. Residents and businesses depend on their power source just as they expect water from the tap. ERCOT board members highlighted structural shifts within their organization to place additional focus on community engagement and critical incident communications.

As a result of prior storms, ERCOT has heightened its efforts to focus on long-term planning, including ongoing weatherization inspections across the system. The Board members were

encouraged that the recent winter had comparable period of temperature to Storm Uri and the system held without reduction in load. The 2023 Texas Legislature also implemented a new ancillary service Emergency Contingency Reserve Service (ECRS). Using ECRS, ERCOT drastically increased the amount of energy generated and held in reserve to meet grid demands. While the increase in energy is favorable, the cost of producing and holding energy that may or may not be needed has passed on additional cost to the consumers, resulting in rates that may not reasonably reflect actual usage of the consumer.

The ERCOT board members spent some time talking about the investment in what they call thermal energy (traditional oil and gas) and renewable energy, such as wind and solar. Outlining the critical role of each source of energy, exploring alternative cost models that assesses costs to consumers requiring higher service was also discussed. Cryptocurrency mining, as an example, is having an increasing impact on demand.

It is also worth noting that grid reliability has reoccurring significance in the City's economic development efforts, and Chairman West shared these concerns with the Board. As we continue to emphasize the City of Dallas as a best place to live and work, a reliable electricity grid provided at reasonable rates is an essential element to our economic growth. The City's role in ERCOT's stakeholder process is necessary to ensure there are not unintended consequences for our residents and businesses when changes are made, and that costs and risks are properly balanced.

Should you have any questions, please contact me by phone or Nikolaus Fehrenbach, Regulatory Compliance Auditor, at n.fehrenbach@dallas.gov.



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