Department of Energy
Washington, DC 20585

Order No. 202-21-1

Pursuant to the authority vested in the Secretary of Energy by section 202(c) of the Federal Power Act (FPA), 16 U.S.C. § 824a(c), and section 301(b) of the Department of Energy Organization Act, 42 U.S.C. § 7151(b), and for the reasons set forth below, I hereby determine that an emergency exists in Texas due to a shortage of electric energy, a shortage of facilities for the generation of electric energy, and other causes, and that issuance of this Order will meet the emergency and serve the public interest.

On February 14, 2021, the Electric Reliability Council of Texas (ERCOT), the Independent System Operator (ISO) whose service territory includes 90 percent of the electric customers in the state of Texas, filed a *Request for Emergency Order Under Section 202(c) of the Federal Power Act* (Application) with the United States Department of Energy (Department) "to preserve the reliability of bulk electric power system."

ERCOT is in the beginning stages of an unprecedented cold weather event brought on by a rare, southward excursion of the jet stream into the South Central United States. Temperatures for Sunday and Monday in many parts of Texas are forecasted to drop well below the lowest temperatures experienced in several decades, and abnormally low temperatures are expected to persist for several more days. This weather event is expected to result in record winter electricity demand that will exceed even ERCOT's most extreme seasonal load forecasts.

On February 12, 2021, Greg Abbott, the Governor of the State of Texas declared a state of disaster in all 254 Texas counties due to severe weather posing an "imminent threat of widespread and severe property damage, injury, and loss of life due to prolonged freezing temperatures, heavy snow, and freezing rain statewide." On the morning of February 14, ERCOT issued a system-wide conservation notice addressing the expected system emergency and describing steps that homeowners and businesses can take to reduce system demand.[1] ERCOT has also worked with state agencies to take measures that maximize generation availability in Texas. For example, on February 12, the Railroad Commission of Texas issued an Emergency Order pursuant to Texas Utilities Code affecting the gas utility systems in the state. The order specified increasing the priority of gas supplies to ERCOT generators. ERCOT's application also noted that the "Texas Commission on Environmental Quality has indicated that it will provide enforcement discretion to generators in the ERCOT region that may exceed state emissions requirements during emergency conditions."

According to ERCOT, the measures taken by ERCOT and other state agencies may not prove sufficient to avoid rotating outages of as much as 4,000 MW. Moreover,

[1] ERCOT, *Grid Operator Requests Energy Conservation for System Reliability*, www.ercot.com/news/releases/show/225151.

ERCOT has been alerted that numerous generation units will be unable to operate at full capacity without violating federal air quality or other permit limitations.

ERCOT requests that the Secretary issue an order immediately, effective February 14, 2021 through February 19, 2021, authorizing "the provision of additional energy from all generation units subject to emissions or other permit limits" in the ERCOT region. The generating units (Specified Resources) that this Order pertains to are listed on the Order 202-21-1 Resources List, as described below.

Given the emergency nature of the expected load stress, the responsibility of ERCOT to ensure maximum reliability on its system, and the ability of ERCOT to identify and dispatch generation necessary to meet the additional load, I have determined that additional dispatch of the Specified Resources is necessary to best meet the emergency and serve the public interest for purposes of FPA section 202(c). Because the additional generation may result in a conflict with environmental standards and requirements, I am authorizing only the necessary additional generation, with reporting requirements as described below.

FPA section 202(c)(2) requires the Secretary of Energy to ensure that any 202(c) order that may result in a conflict with a requirement of any environmental law be limited to the "hours necessary to meet the emergency and serve the public interest, and, to the maximum extent practicable," be consistent with any applicable environmental law and minimize any adverse environmental impacts. ERCOT anticipates that this Order may result in exceedance of emissions of sulfur dioxide, nitrogen oxide, mercury, and carbon monoxide emissions, as well as wastewater release limits. To minimize adverse environmental impacts, this Order limits operation of dispatched units to the times and within the parameters determined by ERCOT for reliability purposes.

Based on my determination of an emergency set forth above, I hereby order:

A. From February 14, to February 19, 2021, in the event that ERCOT determines that generation from the Specified Resources is necessary to meet the electricity demand that ERCOT anticipates in Texas during this event, I direct ERCOT to dispatch such unit or units and to order their operation only as needed to maintain the reliability of the power grid in the ERCOT region when the demand on the ERCOT system exceeds expected energy and reserve requirements. Specified Resources are those natural gas, coal, or distillate fuel oil generating units set forth on the Order 202-21-1 Resource List, subject to updates directed here and as described in paragraph D, which the Department shall post on www.energy.gov. ERCOT is directed to update Exhibit A to its Application with the anticipated category of environmental impact (i.e. sulfur dioxide, nitrogen oxide, mercury, carbon monoxide emissions, wastewater release, other air pollutants) by 21:00 Central Standard Time on February 15, 2021.

B. To minimize adverse environmental impacts, this Order limits operation of dispatched units to the times and within the parameters determined by ERCOT for reliability purposes. Consistent with good utility practice, ERCOT shall exhaust all reasonably and

practically available resources, including available imports, demand response, and identified behind-the-meter generation resources selected to minimize an increase in emissions, to the extent that such resources provide support to maintain grid reliability, prior to dispatching the Specified Resources. ERCOT shall provide a daily notification to the Department reporting each generating unit that has been designated to use the allowance and operated in reliance on the allowances contained in this Order.

In furtherance of the foregoing and, in each case, subject to the exhaustion of all available imports, demand response, and identified behind-the-meter generation resources selected to minimize an increase in emissions available to support grid reliability:

(i) with respect to any Specified Resource that is an ERCOT Generation Resource or Settlement Only Generator whose operator notifies ERCOT that the unit is unable, or expected to be unable, to produce at its maximum output due to an emission or effluent limit in any federal environmental permit, ERCOT shall ensure that such Specified Resource is only allowed to exceed any such limit during a period for which ERCOT has declared an Energy Emergency Alert (EEA) Level 2 or Level 3. This incremental amount of restricted capacity would be offered at a price no lower than $1,500/MWh. Once ERCOT declares that such an EEA Level 2 or Level 3 event has ended, the unit is required to immediately return to operation within its permitted limits; and

(ii) with respect to any Specified Resource that is an ERCOT Generation Resource whose operator notifies ERCOT that the unit is offline or would need to go offline due to an emission or effluent limit in any federal environmental permit, and to which ERCOT has issued a Reliability Unit Commitment (RUC) instruction, the operator may make all of the unit's capacity available to ERCOT for dispatch during a period for which ERCOT has declared an EEA Level 2 or Level 3. This incremental amount of restricted capacity would be offered at a price no lower than $1,500/MWh. Once ERCOT declares that such an EEA Level 2 or Level 3 event has ended, the unit is required to immediately return to operating at a level below the higher of its minimum operating level or the maximum output allowable under the permitted limit.

In the event ERCOT identifies the need to exceed other relevant environmental permitting levels, ERCOT shall specifically identify such permitting levels and DOE will consider ERCOT's request in good faith.

C. All entities must comply with environmental requirements to the maximum extent necessary to operate consistent with the emergency conditions. This Order does not provide relief from an entity's obligations to purchase allowances for emissions that occur during the emergency condition or to use other geographic or temporal flexibilities available to generators.

D. In the event that ERCOT identifies additional generation units that it deems necessary to operate in excess of federal environmental permitting limits in order to maintain the reliability of the power grid in the ERCOT region when the demand on the ERCOT system exceeds expected energy and reserve requirements, including any such entity to which ERCOT intends to issue a Reliability Unit Commitment (RUC), ERCOT shall provide prompt written notice to the Department of Energy at AskOE@hq.doe.gov identifying in an updated Exhibit A to its Application such additional generation units, the fuel type of such unit, and the anticipated category of environmental impact, at 9:00 Central Standard Time or 21:00 Central Standard Time, whichever follows closest in time to the unit identification by ERCOT to the greatest extent feasible. Such additional generation unit shall be deemed a Specified Resource for the purpose of this Order for the hours prior to the required written notice to the Department, and ERCOT may dispatch such additional generation units, provided that if the Department of Energy notifies ERCOT that its does not approve of such generation unit being designated as a Specified Resource, such generation unit shall not constitute a Specified Resource upon notification from the Department. The Department shall post an updated Order 202-21-1 Resource List as soon as practicable following notification from ERCOT under this paragraph.

E. ERCOT shall provide such additional information regarding the environmental impacts of this Order and its compliance with the conditions of this Order, in each case as requested by the Department of Energy from time to time. By March 1, 2021, ERCOT shall report all dates between February 14, 2021, and February 19, 2021, on which the Specified Resources were operated, the hours of operation, and exceedance of permitting limits, including sulfur dioxide, nitrogen oxide, mercury, carbon monoxide, and other air pollutants, as well as exceedances of wastewater release limits. ERCOT shall submit a final report by March 31, 2021, with any revisions to the information reported on March 1, 2021. In addition, ERCOT shall provide information to the Department quantifying the net revenue associated with generation in excess of environmental limits accruing to non-RUC units in connection with orders issued by the Department pursuant to Section 202(c) of the Federal Power Act.

F. This Order shall be effective upon its issuance, and shall expire at 11:59 p.m. Central Standard Time Friday, February 19, 2021, with the exception of the reporting requirements in paragraph E. Renewal of this Order, should it be needed, must be requested before this Order expires.

Issued in Washington, D.C. at 8:51 PM Eastern Standard Time on this 14th day of February, 2021.

David Huizenga
Acting Secretary of Energy