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| NPRR Number | 347 | NPRR Title | Single Daily Settlement Invoice (formerly “Counter-Party Invoice and Single Daily Settlement Invoice”) | |
| Timeline | Normal | Action | | Recommended Approval |
| Date of Decision | | April 21, 2011 | | |
| Proposed Effective Date | | To be determined. | | |
| Priority and Rank Assigned | | To be determined. | | |
| Nodal Protocol Sections Requiring Revision | | 2.1, Definitions  9.1.2, Settlement Calendar  9.3, Settlement Invoices for the DAM (delete)  9.4, Payment Process for the DAM (delete)  9.4.1, Invoice Recipient Payment to ERCOT for the DAM (delete)  9.4.2, ERCOT Payment to Invoice Recipients for the DAM (delete)  9.4.4, Enforcing the Security of a Short-Paying Invoice Recipient (delete)  9.4.5, Late Fees and Late Fee Invoices for the DAM (delete)  9.5.6, RTM Resettlement Statement  9.6, Settlement Invoices for the Real-Time Market  9.7, Payment Process for the RTM  9.7.1, Invoice Recipient Payment to ERCOT for the RTM  9.7.2, ERCOT Payment to Invoice Recipients for the Real-Time Market  9.7.4, Late Fees and Late Fee Invoices for the RTM  9.8, CRR Auction Award Invoices  9.10, CRR Auction Revenue Distribution Invoices  9.12, CRR Balancing Account Invoices  9.13, Payment Process for the CRR Balancing Account  9.14.2, Notice of Dispute  9.19, Partial Payments by Invoice Recipients  9.19.1, Default Uplift Invoices  9.19.2.2, ERCOT Payment to Invoice Recipients for Default Uplift  16.11.4.1, Determination of Total Potential Exposure for a Counter-Party  16.11.4.3, Determination of Counter-Party Estimated Aggregate Liability  16.11.4.4, Determination of Counter-Party Aggregate Incremental Liability  16.11.4.7, Credit Monitoring and Management Reports | | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) combines the Day-Ahead Market (DAM) and the Real-Time Market (RTM) Invoices into a single daily Settlement Invoice for these activities for each Qualified Scheduling Entity (QSE) and Congest Revenue Right (CRR) Account Holder. The Settlement Invoice posting on a Business Day includes Operating Days for which a DAM Statement or RTM Statement is posting on the same Business Day. The Settlement Invoice due date is three Bank Business Days after the Settlement Invoice posts.  To align with the concept of a single daily Settlement Invoice, this NPRR also requires: (a) adaptation of the language for partial payments and late fees; (b) adaptation of the language for the Default Uplift Invoice; (c) changes to related credit formulas; and (d) automation of the minimum collateral calculation given an increase in the frequency of the calculation.  Also, since with this change, Real-Time Settlement Statements will generally be invoiced between three to ten days sooner, this NPRR also proposes reducing the average daily transaction extrapolated  multiplier from 40 days to 35 days based on the median reduction in exposure of approximately five days. | | |
| Reason for Revision | | This NPRR reduces the timeframe for cash clearing for an Operating Day and correspondingly reduces required collateral. Entities that participate in only one market may see no reduction, or may see an increase in transaction volume. | | |
| Overall Market Benefit | | This NPRR provides the following efficiencies:   * Approximately 35% reduction in RTM cash clearing time. * Approximately 50 % reduction in volume of Invoices per month market-wide (while some Market Participants will see reduced volume, some may see increased volume) * Reduction in working capital needed for Settlements due to netting of activity on Invoices. * Possible reduction in wire costs for both ERCOT and Market Participants due to fewer Invoices. * Reduction in credit exposure for historical activity from more timely clearing which translates to a reduction in collateral requirements. | | |
| Overall Market Impact | | QSEs, CRR Account Holders, and/or Counter-Parties may have to modify their internal business processes for processing Invoices and calculating credit exposure.  Additionally, Market Participants may need to modify systems to consume modified Invoices and to shadow revisions in credit calculations. | | |
| Consumer Impact | | Unknown. | | |
| Credit Impacts | | To be determined. | | |
| Procedural History | | * On 4/6/11, NPRR347 and the associated preliminary Impact Analysis were posted. * On 4/18/11, the Settlements and Extracts Working Group (SEWG) comments were posted. * On 4/21/11, PRS considered NPRR347. | | |
| PRS Decision | | On 4/21/11, PRS unanimously voted to recommend approval of NPRR347 as amended by the 4/18/11 SEWG comments and as revised by PRS. All Market Segments were present for the vote. | | |
| Summary of PRS Discussion | | On 4/21/11, it was explained that the concerns of confidentially related to Counter-Party invoicing were addressed in the 4/18/11 SEWG comments. It was clarified that the option to reject single invoicing was not available through NPRR347. | | |

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| Quantitative Impacts and Benefits | | | | |
| Assumptions | | 1 |  | |
| 2 |  | |
| 3 |  | |
| 4 |  | |
| Market Cost | |  | **Impact Area** | Market Cost |
| 1 | *QSEs, CRR Account Holders, and/or Counter-Parties may have to modify their internal business processes for processing Invoices and calculating credit exposure.* | *Unknown.* |
| 2 | *Market Participants may need to modify systems to consume modified Invoices and to shadow revisions in credit calculations.* | *Unknown.* |
| 3 |  |  |
| 4 |  |  |
| Market Benefit | |  | **Impact Area** | **Monetary Impact** |
| 1 | *Increases Settlement efficiency; reduces working capital needed for Settlements; reduces Settlement costs for Market Participants; and reduces credit exposure.* | *Unknown.* |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| Additional Qualitative Information | | 1 |  | |
| 2 |  | |
| 3 |  | |
| 4 |  | |
| Other Comments | | 1 |  | |
| 2 |  | |
| 3 |  | |
| 4 |  | |

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| Cell Number |  |
| Market Segment | N/A |

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| **Comments Received** | |
| Comment Author | **Comment Summary** |
| SEWG 041811 | Returned the concept of NPRR347 back to the Market Participant level rather than the Counter-Party level due to confidentiality concerns. |

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| Comments |

Please also note that the following NPRRs also propose revisions to the following sections that are included within this NPRR:

* NPRR300, Municipal Owned Utility Addition to Determination of Total Potential Exposure for a Counter-Party
  + Section 16.11.4.1
* NPRR338, Modifications to Support Revenue Neutrality
  + Section 9.19
* NPRR320, Minimum PTP Option Bid and Settlement (formerly “Minimum PTP Option Bids and CRR Auction Fees”)
  + Section 9.8

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| Proposed Protocol Language Revision |

2.1 DEFINITIONS

Invoice Recipient

A Market Participant that receives an Invoice from ERCOT.

9.1.2 Settlement Calendar

(1) ERCOT shall post and maintain on the Market Information System (MIS) Public Area a Settlement Calendar to denote, for each Operating Day, when:

(a) Each scheduled Settlement Statement for the DAM will be issued under Section 9.2.4, DAM Statement, and Section 9.2.5, DAM Resettlement Statement;

(b) Each scheduled Settlement Statement for the Real-Time Market (RTM) will be issued under Section 9.5.4, RTM Initial Statement, Section 9.5.5, RTM Final Statement, Section 9.5.6, RTM Resettlement Statement, and Section 9.5.8, RTM True-Up Statement;

(c) Each Settlement Invoice will be issued under Section 9.6, Settlement Invoices for the Day-Ahead Market and Real-Time Market;

(d) Payments for the Settlement Invoice are due under Section 9.7, Payment Process for the Settlement Invoices;

(e) Each Late Fee Invoice will be issued under Section 9.7.4, Late Fees and Late Fee Invoices for Settlement Invoices;

(f) Payments for Late Fee Invoices are due under Section 9.7.4;

(g) Each Default Uplift Invoice will be issued under Section 9.19, Partial Payments by Invoice Recipients;

(h) Payments for Default Uplift Invoices are due under Section 9.19.1, Default Uplift Invoices;

(i) Each Congestion Revenue Rights (CRR) Auction Invoice will be issued under Section 9.8, CRR Auction Award Invoices;

(j) Payments for CRR Auction Invoices are due under Section 9.9, Payment Process for CRR Auction Invoices;

(k) Each CRR Auction Revenue Distribution Invoice will be issued under Section 9.10, CRR Auction Revenue Distribution Invoices;

(l) Payments for CRR Auction Revenue Distribution Invoices are due under Section 9.11, Payment Process for CRR Auction Revenue Distribution;

(m) Each CRR Balancing Account Invoice will be issued under Section 9.12, CRR Balancing Account Invoices;

(n) Payments for CRR Balancing Account Invoices are due under Section 9.13, Payment Process for the CRR Balancing Account; and

(o) Settlement and billing disputes for each scheduled Settlement Statement of an Operating Day and Settlement Invoice must be submitted under Section 9.14, Settlement and Billing Dispute Process.

(2) ERCOT shall notify Market Participants if any of the aforementioned data will not be available on the date specified in the Settlement Calendar.

9.3 *[RESERVED]*

9.5.6 RTM Resettlement Statement

(1) ERCOT shall issue a RTM Resettlement Statement using corrected Settlement data due to resolution of disputes and correction of data errors. Any resettlement occurring after an RTM True-Up Statement has been issued must meet the same Interval Data Recorder (IDR) Meter Data Threshold requirements defined in Section 9.5.8, RTM True-Up Statement, and is subject to the same limitations for filing a dispute. Despite the preceding sentence, the ERCOT Board may, in its discretion, direct ERCOT to run a resettlement of any Operating Day, at any time, to address unusual circumstances.

(2) ERCOT shall issue a RTM Resettlement Statement for a given Operating Day due to data error in data other than prices when the total of all errors in data other than prices results in an impact greater than 2% of the total payments due to ERCOT for the RTM for the Operating Day, excluding bilateral transactions. ERCOT shall issue RTM Resettlement Statements as soon as possible to correct the errors. ERCOT shall review this percentage on an annual basis. Upon the review, ERCOT may make a recommendation to revise this percentage under Section 21, Process for Nodal Protocol Revision.

(3) For any Settlement and billing disputes resolved prior to issuance of the RTM Final Statement, ERCOT shall effect the dispute’s resolution on the RTM Final Statement for that Operating Day. If a dispute is submitted by 15 Business Days after the issuance of the RTM Initial Statement for an Operating Day and is not resolved on the RTM Final Statement, ERCOT will effect the dispute’s resolution on an RTM Resettlement Statement for that Operating Day. ERCOT shall issue such an RTM Resettlement Statement within a reasonable time after resolving the Settlement and billing dispute.

(4) ERCOT must effect the resolution of any dispute submitted more than 15 Business Days after the issuance of the RTM Initial Statement on the next available Resettlement or RTM True-Up statement for that Operating Day. For Settlement and billing disputes resolved under Section 9.14, Settlement and Billing Dispute Process, and submitted at least 20 Business Days before the scheduled date for issuance of the RTM True-Up Statement, ERCOT will include adjustments relating to the dispute on the RTM True-Up Statement. Resolved disputes must be included on the next available Settlement Invoice after ERCOT has issued the RTM True-Up Statement.

(5) ERCOT may not issue an RTM Resettlement Statement less than 20 days before a scheduled RTM Final Statement or RTM True-Up Statement for the relevant Operating Day. An RTM Resettlement Statement will reflect differences to financial records generated on the previous Settlement Statement for the given Operating Day.

9.6 Settlement Invoices for the Day-Ahead Market and Real-Time Market

(1) ERCOT shall prepare Settlement Invoices on a net basis based on Day-Ahead Market (DAM) Statements, DAM Resettlement Statements, Real-Time Market (RTM) Initial Statements, RTM Final Statements, RTM True-Up Statements and RTM Resettlement Statements. ERCOT shall issue the Settlement Invoices on the same Business Day as the day that the DAM and RTM Statements are posted to the Market Information System (MIS) Certified Area. ERCOT will post the actual dates that it will issue the Settlement Invoices under Section 9.1.2, Settlement Calendar. The Market Participant to whom the Settlement Invoice is addressed (“Invoice Recipient”) is either a net payee or net payor.

(2) Each Invoice Recipient shall pay any net debit and be entitled to receive any net credit shown on the Settlement Invoice on the payment due date, whether or not there is any Settlement and Billing dispute regarding the amount of the debit or credit.

(3) ERCOT shall post Settlement Invoices on the MIS Certified Area. The Invoice Recipient is responsible for accessing the Settlement Invoice on the MIS Certified Area once posted by ERCOT.

(4) Settlement Invoice items must be grouped by DAM, DAM Resettlement, RTM Initial, RTM Final, RTM Resettlement, and RTM True-Up categories and must be sorted by Operating Day within each category. Settlement Invoices must contain the following information:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Net Amount Due/Payable – the aggregate summary of all charges owed by, or due to, the Invoice Recipient;

(d) Time Periods – the time period covered for each line item;

(e) Run Date – the date on which the Invoice was created and published;

(f) Invoice Reference Number – a unique number generated by ERCOT for payment tracking purposes;

(g) Statement Reference – an identification code used to reference each Settlement Statement invoiced;

(h) Payment Date and Time – the date and time that Invoice amounts are to be paid or received;

(i) Remittance Information Details – details including the account number, bank name and electronic transfer instructions of the ERCOT account to which any amounts owed by the Invoice Recipient are to be paid or of the Invoice Recipient’s account from which ERCOT may draw payments due; and

(j) Overdue Terms – the terms that would be applied if payments were received late.

9.7 Payment Process for the Settlement Invoices

Payments for the Settlement Invoices are due on a Business Day and Bank Business Day basis in a two-day, two-step process as detailed below.

9.7.1 Invoice Recipient Payment to ERCOT for the Settlement Invoices

(1) The payment due date and time for the Settlement Invoice, with funds owed by an Invoice Recipient, is 1700 on the third Bank Business Day after the Settlement Invoice date, unless the thirdBank Business Day is not a Business Day. If the third Bank Business Day is not a Business Day, the payment is due by 1700 on the next Bank Business Day after the third Bank Business Day that is also a Business Day.

(2) All Settlement Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars by either of the following:

(a) On or before the payment due date if the payment is made by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal); or

(b) On or before two Bank Business Days before the payment due date if the payment is made by Automated Clearing House (ACH) funds.

9.7.2 ERCOT Payment to Invoice Recipients for the Settlement Invoices

(1) Subject to the availability of funds as discussed in paragraph (2) below, ERCOT must pay Settlement Invoices with funds owed to an Invoice Recipient by 1700 on the next Bank Business Day after payments are due for that Settlement Invoice under Section 9.7.1, Invoice Recipient Payment to ERCOT for the Settlement Invoices subject to ERCOT’s right to withhold payments for any reason set forth in these Protocols or as a matter of law, unless that next Bank Business Day is not a Business Day. If that next Bank Business Day is not a Business Day, the payment is due on the next Bank Business Day thereafter that is also a Business Day.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit to each Invoice Recipient for same day value the amounts determined by ERCOT to be available for payment to that Invoice Recipient under paragraph (d) of Section 9.19, Partial Payments to Invoice Recipients.

9.7.4 Late Fees and Late Fee Invoices for the Settlement Invoices

(1) A short-paying Settlement Invoice Recipient or Default Uplift Invoice Recipient shall pay late fees to ERCOT on the short-pay amount according to the late fee terms specified in the ERCOT fee schedule posted on the Market Information System (MIS) Public Area for the period from and including the relevant payment due date to the date on which the payment, including any related transaction costs incurred by ERCOT, is received by ERCOT. ERCOT will cease charging late fees to the defaulting Entity when the conditions described in item (e) of Section 9.19, Partial Payments by Invoice Recipients, are met.

(2) ERCOT shall distribute on a pro rata basis of monies owed to each Invoice Recipient any late fee revenues, less ERCOT’s transaction costs, to the underpaid Settlement Invoice Recipients or Default Uplift Invoice Recipient.

(3) ERCOT shall post to the MIS Certified Area for each Settlement Invoice Recipient or Default Uplift Invoice Recipient, an Invoice based on late fees (Late Fee Invoice). The Late Fee Invoice Recipient is responsible for accessing the information from the MIS Certified Area once posted by ERCOT.

(4) ERCOT shall issue Late Fee Invoices on the tenth day after the end of the month, unless the tenth day is not a Business Day. If that tenth day is not a Business Day, ERCOT shall issue the Late Fee Invoice by 2400 of the next Business Day thereafter. The actual dates that Late Fee Invoices will be issued will be posted by ERCOT under Section 9.1.2, Settlement Calendar.

(5) Each Late Fee Invoice must contain:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Net Amount Due or Payable – the aggregate summary of all charges owed to or due from an Invoice Recipient;

(d) Time Periods – the time period covered for each line item;

(e) Run Date – the date on which ERCOT created and published the Invoice;

(f) Invoice Reference Number – a unique number generated by the ERCOT applications for payment tracking purposes;

(g) Payment Date and Time – the date and time that Invoice amounts are to be paid or received;

(h) Remittance Information Details – details, including the account number, bank name and electronic transfer instructions of the ERCOT account to which any amounts owed by the Invoice Recipient are to be paid or of the Invoice Recipient’s account from which ERCOT may draw payments due; and

(i) Overdue Terms – the terms that would be applied if payments were received late.

(6) Payments for Late Fee Invoices must be made on days that are both a Business Day and a Bank Business Day in a two-day, two-step process as detailed below. Payments for Late Fee Invoices are due on the applicable payment due date, whether or not there is any Settlement and billing dispute regarding the amount of the payment.

(a) The payment due date and time for the Late Fee Invoice, with funds owed by an Invoice Recipient, is 1700 on the fourth Business Day after the Late Fee Invoice date unless that day is not a Bank Business Day. If the fourth Business Day is not a Bank Business Day, then the payment is due by 1700 on the next Business Day after the fourth Business Day that is also a Bank Business Day.

(b) All Late Fee Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in USDs by either of the following:

(i) On or before the payment due date if the payment is made by EFT in immediately available or good funds (i.e., not subject to reversal); or

(ii) On or before two Bank Business Days before the payment due date if the payment is made by ACH funds.

(c) Subject to the availability of funds as discussed in paragraph (d) below, Late Fee Invoices with funds owed to an Invoice Recipient must be paid by ERCOT to the Invoice Recipient by 1700 on the next Bank Business Day after payments are due for that Late Fee Invoice under paragraph (a) above, subject to ERCOT’s right to withhold payments under Section 16, Registration and Qualification of Market Participants, or pursuant to common law unless that next Bank Business Day is not a Business Day. If that next Bank Business Day is not a Business Day, then the payment is due on the next Bank Business Day thereafter that is also a Business Day.

(d) If at least one Invoice Recipient owing funds does not pay its Late Fee Invoice in full (short-pays), ERCOT shall reduce payments to all Late Fee Invoice Recipients owed monies from ERCOT. The reductions must be based on a pro rata basis of monies owed to each Invoice Recipient, to the extent necessary to clear ERCOT’s accounts on the payment due date to achieve revenue neutrality for ERCOT. ERCOT shall provide to all Market Participants payment details on all short pay and subsequent reimbursements of short pays. Details must include the identity of each short-paying Invoice Recipient and the dollar amount attributable to that Invoice Recipient, broken down by Invoice numbers. In addition, ERCOT shall provide the aggregate total of all amounts due to all Invoice Recipients before applying the amount not paid on the Invoice. ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit to each Invoice Recipient for same day value the amounts determined by ERCOT to be available for payment.

9.8 CRR Auction Award Invoices

(1) ERCOT shall prepare invoices for each Congestion Revenue Right (CRR) Auction (CRR Auction Invoice) on a net basis. Invoices must be issued on the first Business Day following the completion of a CRR Auction on the date specified in the Settlement Calendar. For each CRR Auction Invoice, the CRR Account Holder to whom the Invoice is addressed (“Invoice Recipient”) is either a net payee or net payor. The Invoice Recipient is responsible for accessing the CRR Auction Invoice on the Market Information System (MIS) Certified Area once posted by ERCOT.

(2) Each Invoice Recipient shall pay any net debit and be entitled to receive any net credit shown on the CRR Auction Invoice on the payment due date. Payments for CRR Auction Invoices are due on the applicable payment due date, whether or not there is any Settlement and Billing dispute regarding the amount of the payment.

(3) ERCOT shall post on the MIS Certified Area for each Invoice Recipient a CRR Auction Invoice based on CRR Auction charges and payments as set forth in:

(a) Section 7.5.6.1, Payment of an Awarded CRR Auction Offer;

(b) Section 7.5.6.2, Charge of an Awarded CRR Auction Bid; and

(c) Section 7.5.6.3, Charge of PCRRs Pertaining to a CRR Auction.

(4) CRR Auction Invoices must contain the following information:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Net Amount Due/Payable – the aggregate summary of all charges owed to or due from the Invoice Recipient summarized by CRR Auction;

(d) Time Period – the CRR Auction for which the Invoice is generated;

(e) Run Date – the date on which ERCOT created and published the Invoice;

(f) Invoice Reference Number – a unique number generated by ERCOT for payment tracking purposes;

(g) Product Description – a description of each product awarded in, sold in, or allocated before the CRR Auction;

(h) Payment Date – the date and time that Invoice amounts are to be paid or received; and

(i) Remittance Information Details – details including the account number, bank name and electronic transfer instructions of the ERCOT account to which any amounts owed by the Invoice Recipient are to be paid or of the Invoice Recipient’s account from which ERCOT may draw payments due.

9.10 CRR Auction Revenue Distribution Invoices

(1) ERCOT shall prepare Settlement Invoices for Congestion Revenue Right (CRR) Auction Revenue Distribution (CARD Invoices) on a monthly basis on the first Business Day following the Real-Time Market (RTM) Initial Settlement posting of the last day of the month on the date specified in the Settlement Calendar.

(2) ERCOT shall true up the distribution of monthly CRR Auction Revenues by posting additional Settlement Invoices on the first Business Day following the RTM Final Settlement posting of the last day of the month on the date specified in the Settlement Calendar. A trued up CRR Auction Revenue Distribution (CARD) Invoice will reflect differences to financial records generated on the previous CARD Invoice for a given month.

(3) For each cycle, the Market Participant to whom the CARD Invoice is addressed (“Invoice Recipient”) is either a payee or payor. The Invoice Recipient is responsible for accessing the CARD Invoice on the Market Information System (MIS) Certified Area once posted by ERCOT.

(4) Each Invoice Recipient shall pay any debit and be entitled to receive any credit shown on the CARD Invoice on the payment due date. Payments for CARD Invoices are due on the applicable payment due date whether or not there is any Settlement and Billing dispute regarding the amount of the payment.

(5) ERCOT shall post on the MIS Certified Area for each Invoice Recipient a CARD Invoice based the calculations located:

(a) Section 7.5.6.4, CRR Auction Revenues; and

(b) Section 7.5.7, Method for Distributing CRR Auction Revenues.

(6) CARD Invoices must contain the following information:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Net Amount Due/Payable – the aggregate summary of all charges owed to or due from the Invoice Recipient summarized by CRR Auction Revenue month;

(d) Time Period – the CRR Auction Revenue month for which the Invoice is generated, including Initial or Final distribution;

(e) Run Date – the date on which ERCOT created and published the Invoice;

(f) Invoice Reference Number – a unique number generated by ERCOT for payment tracking purposes;

(g) Payment Date – the date and time that Invoice amounts are to be paid or received; and

(h) Remittance Information Details – details including the account number, bank name and electronic transfer instructions of the ERCOT account to which any amounts owed by the Invoice Recipient are to be paid or of the Invoice Recipient’s account from which ERCOT may draw payments due.

9.12 CRR Balancing Account Invoices

(1) ERCOT shall prepare Settlement Invoices for the Congestion Revenue Right (CRR) Balancing Account on a monthly basis on the first Business Day following the Real-Time Market (RTM) Initial Settlement posting of the last day of the month on the date specified in the Settlement Calendar.

(2) For each Invoice cycle, the Market Participant to whom the CRR Balancing Account Invoice is addressed (“Invoice Recipient”) is a payee. The Invoice Recipient is responsible for accessing the CRR Balancing Account Invoice on the Market Information System (MIS) Certified Area once posted by ERCOT.

(3) Each Invoice Recipient shall be entitled to receive any credit shown on the CRR Balancing Account Invoice on the payment due date.

(4) ERCOT shall post on the MIS Certified Area for each Invoice Recipient a CRR Balancing Account Invoice based the calculations located:

(a) Section 7.9.3.4, Monthly Refunds to Short-Paid CRR Owners; and

(b) Section 7.9.3.5, CRR Balancing Account Closure.

(5) CRR Balancing Account Invoices must contain the following information:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Net Amount Payable – the aggregate summary of all amounts owed to the Invoice Recipient summarized by month;

(d) Time Period – the time period covered for each line item;

(e) Run Date – the date on which the ERCOT created and published Invoice;

(f) Invoice Reference Number – a unique number generated by ERCOT for payment tracking purposes; and

(g) Payment Date – the date and time that Invoice amounts are to be received.

9.13 Payment Process for the CRR Balancing Account

Payments for the Congestion Revenue Right (CRR) Balancing Account are due on a Business Day and Bank Business Day basis in a one-day, one-step process, as detailed below.

(1) By 1700 on the first day that is both a Business Day and a Bank Business Day following the due date of the Settlement Invoice that includes the Real-Time Market (RTM) Initial Settlement statement for the last day of the month and subject to ERCOT’s right to withhold payments under Section 16, Registration and Qualification of Market Participants, and pursuant to common law ERCOT shall pay on a net credit shown on the CRR Balancing Account Invoice based on amounts due:

(a) To each short-paid CRR Owner a monthly refund from the positive balance in the CRR Balancing Account, with the amount paid to each CRR Owner as calculated in Section 7.9.3.4, Monthly Refunds to Short-Paid CRR Owners; and

(b) To each QSE, any remaining positive balance in the CRR Balancing Account, with the amount paid to each QSE as calculated in Section 7.9.3.5, CRR Balancing Account Closure.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit, to each CRR Owner or QSE, for same day value, the amounts determined by ERCOT to be available for payment.

9.14.2 Notice of Dispute

(1) A Settlement Statement Recipient may dispute items or calculations in the most recently issued Settlement Statement for an Operating Day, except as limited for RTM True-Up Statements in paragraph (3) below. The dispute will apply to the Operating Day in question, not to the associated Settlement Statement. The Market Participant must enter the Settlement and billing dispute electronically through the ERCOT dispute tool provided on the Market Information System (MIS) Certified Area. In processing disputes under this Section, ERCOT will analyze the latest Settlement Statement issued.

(2) An Invoice Recipient may dispute elements of an Invoice that are not the result of a Settlement Statement that are contained on the Invoice. The Invoice Recipient must file the Invoice dispute within ten Business Days of the date on which ERCOT posted the Invoice.

(3) The Statement Recipient is deemed to have validated each RTM True-Up Statement or Resettlement Statement arising from the True-Up Statement unless it has raised a Settlement and billing dispute or reported an exception within ten Business Days of the date on which ERCOT issued the Settlement Statement. With respect to an RTM True-Up Statement or any subsequent Resettlement Statement after ERCOT issued the True-Up Statement, ERCOT will consider only Settlement and billing disputes associated with incremental changes between the RTM True-Up Statement or Resettlement Statement, and the most recent previous Settlement Statement for that Operating Day. The Statement Recipient may recover only the amounts associated with the incremental monetary change between the prior Statement and the Statement from which the dispute arose. ERCOT shall reject late-filed Settlement and billing disputes. Once the deadline for filing a dispute has passed, an RTM True-Up Statement binds the Statement Recipient to which it relates unless ERCOT issues a subsequent Resettlement Statement pursuant to this Section. Once the deadline for filing a dispute has passed, an RTM Statement binds the Statement Recipient to which it relates unless ERCOT issues a subsequent Resettlement Statement.

(4) The Statement Recipient is deemed to have validated each DAM Settlement or Resettlement Statement unless it has raised a Settlement and billing dispute or reported an exception within ten Business Days of the date on which ERCOT issued the Settlement or Resettlement Statement. With respect to a DAM Resettlement Statement, ERCOT will consider only Settlement and billing disputes associated with incremental changes between the DAM Resettlement Statement and the most recent previous Settlement Statement for that Operating Day. The Statement Recipient may recover only the amounts associated with the incremental monetary change between the prior Statement and the Statement from which the dispute arose. ERCOT shall reject late-filed Settlement and billing disputes. Once the deadline for filing a dispute has passed, a DAM Statement binds the Statement Recipient to which it relates unless ERCOT issues a subsequent Resettlement Statement.

(5) ERCOT shall reject Settlement and billing disputes for a given Operating Day during the 20 Business Days before the scheduled date for issuance of the RTM True-Up Statement for that Operating Day.

(6) However, to the extent a disputing party claims that the Settlement or billing dispute relates to information made available under Section 1.3.3, Expiration of Confidentiality, the disputing party must register the Settlement and billing dispute with ERCOT by electronic means within 60 days after the date the information became available. All communication to and from ERCOT concerning disputes must be made through either the MIS Certified Area or other electronic communication.

9.19 Partial Payments by Invoice Recipients

If at least one Invoice Recipient owing funds does not pay its Settlement Invoice in full (i.e., a short-pay), ERCOT shall follow the procedure set forth below:

(a) ERCOT shall make every reasonable attempt to collect payment from each short-paying Invoice Recipient prior to four hours preceding the close of the Bank Business Day Central Prevailing Time (CPT) on the day that payments by ERCOT are due to be paid to applicable Invoice Recipient(s).

(b) ERCOT shall draw on any available security pledged to ERCOT by each short-paying Invoice Recipient that did not pay the amount due under paragraph (a) above. ERCOT may, in its sole discretion, hold up to five percent of security (posted collateral) of each short-paying Invoice Recipient and use those funds to pay subsequent Settlement Invoices as they become due. Any funds still held after the last True-Up Statements will be applied to unpaid Invoices in conjunction with the default uplift process outlined in Section 9.19.1, Default Uplift Invoices.

(c) ERCOT shall offset or recoup any amounts owed, or to be owed, by ERCOT to a short-paying Invoice Recipient against amounts not paid by that Invoice Recipient, and ERCOT shall apply the amount offset or recouped to cover short pays by that Invoice Recipient. ERCOT may, in its sole discretion, hold credit Invoices and use those funds to pay subsequent Settlement Invoices as they become due. Any funds still held after the last True-Up Statement will be offset or recouped against unpaid Invoices in conjunction with the default uplift process outlined in Section 9.19.1.

(d) If, after taking the actions set forth in paragraphs (a), (b) and (c) above, ERCOT still does not have sufficient funds to pay all amounts that it owes to Settlement Invoice Recipients in full, ERCOT shall deduct any applicable administrative fees as specified in Section 9.16, Administrative Fees, payments for Reliability Must-Run (RMR) Services, amounts calculated for CRR shortfall charges as specified in paragraph (3) of Section 7.9.3.3, Shortfall Charges to CRR Owners, and the Congestion Revenue Right (CRR) Balancing Account from the amount received or collected and then reduce payments to all Settlement Invoice Recipients owed monies from ERCOT. The reductions must be based on a pro rata basis of monies owed to each Settlement Invoice Recipient, to the extent necessary to clear ERCOT’s accounts on the payment due date to achieve revenue neutrality for ERCOT. ERCOT shall provide to all Market Participants payment details on all short pays and subsequent reimbursements of short pays. Details must include the identity of each short-paying Invoice Recipient and the dollar amount attributable to that Invoice Recipient, broken down by Invoice numbers. In addition, ERCOT shall provide the aggregate total of all amounts due to all Invoice Recipients before applying the amount not paid on the Settlement Invoice.

(e) If sufficient funds continue to be unavailable for ERCOT to pay all amounts in full (excluding late fees) to short-paid Entities for that Settlement Invoice, and the short-paying Entity is not complying with a payment plan designed to enable ERCOT to pay all amounts in full (excluding late fees) to short-paid Entities, the following shall occur:

(i) ERCOT will cease charging late fees to the short-paying Entity; provided however, that ERCOT may cease charging late fees earlier than 180 days following a short-payment of a Settlement Invoice if ERCOT, in its sole discretion, determines that the recovery of late fees from the short-paying Entity is unlikely; and

(ii) ERCOT shall uplift short-paid amounts through the Default Uplift process described below in Section 9.19.1 and Section 9.19.2, Payment Process for Default Uplift Invoices.

(f) When ERCOT enters into a payment plan with a short-pay Invoice Recipient, ERCOT shall post to the Market Information System (MIS) Secure Area:

(i) The short-pay plan;

(ii) The schedule of quantifiable expected payments, updated if and when modifications are made to the payment schedule; and

(iii) Invoice dates to which the payments will be applied.

(g) To the extent ERCOT is able to collect past due funds owed by a short-paying Invoice Recipient before the default uplift process defined in Section 9.19.1, ERCOT shall allocate the collected funds to the earliest short-paid Invoice for that short-paying Invoice Recipient. ERCOT shall use its best efforts to distribute collected funds quarterly by the 15th Business Day following the end of a calendar quarter for a short paying Entity when the cumulative amount of undistributed funds held exceed $50,000 on a pro rata basis of monies owed. Subsequently collected funds that have not previously been distributed will be applied against unpaid Invoices in conjunction with the uplift process outlined in Section 9.19.1.

(h) To the extent ERCOT is able to collect past due funds owed by a short-paying Invoice Recipient, after the default uplift process defined in Section 9.19.1, ERCOT shall allocate the collected funds using the same allocation method as in the default uplift process. ERCOT shall use its best efforts to distribute subsequently collected funds quarterly by the 15th Business Day following the end of a calendar quarter for a short paying Entity when the cumulative amount of undistributed funds held exceed $50,000.

9.19.1 Default Uplift Invoices

(1) ERCOT shall collect the total short-pay amount for all Settlement Invoices for a month, less the total payments expected from a payment plan, from Qualified Scheduling Entities (QSEs) and CRR Account Holders (CRRAHs). . ERCOT must pay the funds it collects from payments on Default Uplift Invoices to the Entities previously short-paid. ERCOT shall notify those Entities of the details of the payment.

(2) Each Counter-Party’s share of the uplift is calculated using True-Up Settlement data for each Operating Day in the month prior to the month in which the default occurred, and is calculated as follows:

**Max *cp* (∑*cp* (URTMG *mp*+ URTDCIMP *mp*) , ∑*cp* URTAML *mp*, ∑*cp*URTQQES *mp*, ∑*cp* URTQQEP *mp*, ∑*cp* UDAES *mp*, ∑*cp* UDAEP *mp*, ∑*cp* URTOBL *mp*, ∑*cp* (∑*mp* (UDAOPT *mp*+ UDAOBL *mp*+UOPTS *mp*+UOBLS *mp*)), ∑*cp* (∑*mp* (UOPTP *mp*+ UOBLP *mp*))) /**

**∑*cp* [Max *cp* (∑*cp* (URTMG *mp*+ URTDCIMP *mp*) , ∑*cp* URTAML *mp*, ∑*cp* URTQQES *mp*, ∑*cp* URTQQEP *mp*, ∑*cp* UDAES *mp*, ∑*cp* UDAEP*mp*, ∑*cp*URTOBL *mp*, ∑*cp* (∑*mp* (UDAOPT *mp*+ UDAOBL *mp*+UOPTS *mp*+UOBLS *mp*)), ∑*cp* (∑*mp* (UOPTP *mp*+ UOBLP *mp*)))]**

Where:

URTMG *mp* = ∑*p, r, i* (RTMG *mp, p, r, i*), excluding RTMG for RMR Resources and RTMG in Reliability Unit Commitment (RUC)-Committed Intervals for RUC-committed Resources

URTDCIMP *mp* = ∑*p, r, i* (RTDCIMP *mp, p, i*) / 4

URTAML *mp* = ∑*p, i* (RTAML *mp, p, i*)

URTQQES *mp* = ∑*p, i* (RTQQES *mp, p, i*)

URTQQEP *mp* = ∑*p, i* (RTQQEP *mp, p, i*)

UDAES *mp* = ∑*p, h* (DAES *mp, p, h*)

UDAEP *mp* = ∑*p, h* (DAEP *mp, p, h*)

URTOBL *mp* = ∑*(j, k), h* (RTOBL*mp, (j, k), h*)

UDAOPT *mp* = ∑*(j, k), h* (DAOPT*mp, (j, k), h*)

UDAOBL *mp* = ∑*(j, k), h* (DAOBL*mp, (j, k), h*)

UOPTS *mp* = ∑*(j, k), h* (OPTS*mp, (j, k), h*)

UOBLS *mp* = ∑*(j, k), h* (OBLS*mp, (j, k), h*)

UOPTP *mp* = ∑*(j, k), h* (OPTP*mp, j, h*)

UOBLP *mp* = ∑*(j, k), h* (OBLP*mp, (j, k), h*)

The above variables are defined as follows:

| Variable | Unit | Definition |
| --- | --- | --- |
| RTMG mp, p, r, i | MWh | *Real-Time Metered Generation per Market Participant per Settlement Point per Resource*—The Real-Time energy produced by the Generation Resource *r* represented by Market Participant *mp*, at Resource Node *p*, for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| URTMG mp | MWh | *Uplift Real-Time Metered Generation per Market Participant*—The monthly sum of Real-Time energy produced by Generation Resources represented by Market Participant *mp*, excluding generation for RMR Resources and generation in RUC-Committed Intervals, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTDCIMP mp, p, i | MW | *Real-Time DC Import per QSE per Settlement Point*—The aggregated Direct Current Tie (DC Tie) Schedule submitted by Market Participant *mp,* as an importer into the ERCOT System through DC Tie *p*, for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| URTDCIMP mp | MW | *Uplift Real-Time DC Import per Market Participant*—The monthly sum of the aggregated DC Tie Schedule submitted by Market Participant *mp*, as an importer into the ERCOT System where the Market Participant is a QSE assigned to a registered Counter-Party. |
| RTAML mp, p, i | MWh | *Real-Time Adjusted Metered Load per Market Participant per Settlement Point*—The sum of the Adjusted Metered Load (AML) at the Electrical Buses that are included in Settlement Point *p* represented by Market Participant *mp* for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| URTAML mp | MWh | *Uplift Real-Time Adjusted Metered Load per Market Participant*—The monthly sum of the AML represented by Market Participant *mp*, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTQQES mp, p, i | MW | *QSE-to-QSE Energy Sale per Market Participant per Settlement Point*—The amount of MW sold by Market Participant *mp* through Energy Trades at Settlement Point *p* for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| URTQQES mp | MWh | *Uplift QSE-to-QSE Energy Sale per Market Participant*—The monthly sum of MW sold by Market Participant *mp* through Energy Trades, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTQQEP mp, p, i | MW | *QSE-to-QSE Energy Purchase per Market Participant per Settlement Point*—The amount of MW bought by Market Participant *mp* through Energy Trades at Settlement Point *p* for the 15-minute Settlement Interval *i*, where the Market Participant is a QSE. |
| URTQQEP mp | MWh | *Uplift QSE-to-QSE Energy Purchase per Market Participant*—The monthly sum of MW bought by Market Participant *mp* through Energy Trades, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| DAES mp, p, h | MW | *Day-Ahead Energy Sale per Market Participant per Settlement Point per hour*—The total amount of energy represented by Market Participant *mp*’s cleared Three-Part Supply Offers in the DAM and cleared DAM Energy-Only Offers at Settlement Point *p*, excluding the offers submitted for RMR Units at the same Settlement Point, for the hour *h*, where the Market Participant is a QSE. |
| UDAES mp | MWh | *Uplift Day-Ahead Energy Sale per Market Participant*—The monthly total of energy represented by Market Participant *mp*’s cleared Three-Part Supply Offers in the DAM and cleared DAM Energy-Only Offer Curves, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| DAEP mp, p, h | MW | *Day-Ahead Energy Purchase per Market Participant per Settlement Point per hour*—The total amount of energy represented by Market Participant *mp*’s cleared DAM Energy Bids at Settlement Point *p* for the hour *h*, where the Market Participant is a QSE. |
| UDAEP mp | MWh | *Uplift Day-Ahead Energy Purchase per Market Participant*—The monthly total of energy represented by Market Participant *mp*’s cleared DAM Energy Bids, where the Market Participant is a QSE assigned to the registered Counter-Party. |
| RTOBL mp, (j, k), h | MW | *Real-Time Obligation per Market Participant per source and sink pair per hour*—The number of Market Participant *mp*’s Point-to-Point (PTP) Obligations with the source *j* and the sink *k* settled in Real-Time for the hour *h*, and where the Market Participant is a QSE. |
| URTOBL mp | MWh | *Uplift Real-Time Obligation per Market Participant*—The monthly total of Market Participant *mp*’s PTP Obligations settled in Real-Time, counting the quantity only once per source and sink pair, and where the Market Participant is a QSE assigned to the registered Counter-Party. |
| DAOPT mp, (j, k), h | MW | *Day-Ahead Option per Market Participant per source and sink pair per hour*⎯The number of Market Participant *mp*’s PTP Options with the source *j* and the sink *k* owned in the DAM for the hour *h*, and where the Market Participant is a CRR Account Holder. |
| UDAOPT mp | MWh | *Uplift Day-Ahead Option per Market Participant*⎯The monthly total of Market Participant *mp*’s PTP Options owned in the DAM, counting the ownership quantity only once per source and sink pair, and where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| DAOBL mp, (j, k), h | MW | *Day-Ahead Obligation per Market Participant per source and sink pair per hour*—The number of Market Participant *mp*’s PTP Obligations with the source *j* and the sink *k* owned in the DAM for the hour *h*, and where the Market Participant is a CRR Account Holder. |
| UDAOBL mp | MWh | *Uplift Day-Ahead Obligation per Market Participant*⎯The monthly total of Market Participant *mp*’s PTP Obligations owned in the DAM, counting the ownership quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OPTS mp, (j, k), a, h | MW | *PTP Option Sale per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Option offers with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| UOPTS mp | MWh | *Uplift PTP Option Sale per Market Participant*—The MW quantity that represents the monthly total of Market Participant *mp*’s PTP Option offers awarded in CRR Auctions, counting the awarded quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OBLS mp, (j, k), a, h | MW | *PTP Obligation Sale per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Obligation offers with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| UOBLS mp | MWh | *Uplift PTP Obligation Sale per Market Participant*—The MW quantity that represents the monthly total of Market Participant *mp*’s PTP Obligation offers awarded in CRR Auctions, counting the quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OPTP mp, (j, k), a, h | MW | *PTP Option Purchase per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Option bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| UOPTP mp | MWh | *PTP Option Purchase per Market Participant*—The MW quantity that represents the monthly total of Market Participant *mp*’s PTP Option bids awarded in CRR Auctions, counting the quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| OBLP mp, (j, k), a, h | MW | *PTP Obligation Purchase per Market Participant per source and sink pair per CRR Auction per hour*—The MW quantity that represents the total of Market Participant *mp*’s PTP Obligation bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, where the Market Participant is a CRR Account Holder. |
| UOBLP mp | MWh | *PTP Obligation Purchase per Market Participant*—The MW quantity that represents the monthly total of Market Participant *mp*’s PTP Obligation bids awarded in CRR Auctions, counting the quantity only once per source and sink pair, where the Market Participant is a CRR Account Holder assigned to the registered Counter-Party. |
| cp | none | A registered Counter-Party. |
| mp | none | A Market Participant that is a non-defaulting QSE or CRR Account Holder. |
| j | none | A source Settlement Point. |
| k | none | A sink Settlement Point. |
| a | none | A CRR Auction. |
| p | none | A Settlement Point. |
| i | none | A 15-minute Settlement Interval. |
| h | none | The hour that includes the Settlement Interval *i*. |

(3) The uplifted short-paid amount will be allocated to the Market Participants (QSEs or CRR Account Holders) assigned to a registered Counter-Party based on the pro-rata share of MWhs that the QSE or CRR Account Holder contributed to its Counter-Party’s maximum MWh activity ratio share.

(4) Any uplifted short-paid amount greater than $2,500,000 must be scheduled so that no amount greater than $2,500,000 is charged on each set of Default Uplift Invoices until ERCOT uplifts the total short-paid amount. ERCOT must issue Default Uplift Invoices at least 30 days apart from each other.

(5) ERCOT shall issue Default Uplift Invoices no earlier than 180 days following a short-pay of a Settlement Invoice on the date specified in the Settlement Calendar. The Invoice Recipient is responsible for accessing the Invoice on the MIS Certified Area once posted by ERCOT.

(6) Each Default Uplift Invoice must contain:

(a) The Invoice Recipient’s name;

(b) The ERCOT identifier (Settlement identification number issued by ERCOT);

(c) Net Amount Due or Payable – the aggregate summary of all charges owed by a Default Uplift Invoice Recipient;

(d) Run Date – the date on which ERCOT created and published the Default Uplift Invoice;

(e) Invoice Reference Number – a unique number generated by the ERCOT applications for payment tracking purposes;

(f) Default Uplift Invoice Reference – an identification code used to reference the amount uplifted;

(g) Payment Date and Time – the date and time that Default Uplift Invoice amounts must be paid;

(h) Remittance Information Details – details including the account number, bank name, and electronic transfer instructions of the ERCOT account to which any amounts owed by the Invoice Recipient are to be paid or of the Invoice Recipient’s account from which ERCOT may draw payments due; and

(i) Overdue Terms – the terms that would apply if the Market Participant makes a late payment.

(7) Each Invoice Recipient shall pay any net debit shown on the Default Uplift Invoice on the payment due date whether or not there is any Settlement and billing dispute regarding the amount of the debit.

9.19.2.2 ERCOT Payment to Invoice Recipients for Default Uplift

(1) Subject to the availability of funds as discussed in paragraph (2) below, uplifted funds received from Default Uplift Invoices must be paid by ERCOT to short-paid Invoice Recipients by 1700 on the next Bank Business Day after payments are due for that Default Uplift Invoice under Section 9.19.2.1, Invoice Recipient Payment to ERCOT for Default Uplift, subject to ERCOT’s right to withhold payments under Section 16, Registration and Qualification of Market Participants, or pursuant to common law unless that next Bank Business Day is not a Business Day. If that next Bank Business Day is not a Business Day, the payment is due on the next Bank Business Day thereafter that is also a Business Day.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit to each short-paid Invoice Recipient for same day value the amounts determined by ERCOT to be available for payment to that short-paid Invoice Recipient under paragraph (d) of Section 9.19, Partial Payments by Invoice Recipients.

(3) Any short and late payments of Default Uplift Invoices must be handled under Section 9.7.4, Late Fees and Late Fee Invoices for the Settlement Invoices and Default Uplift Invoices, and Section 9.19, respectively.

16.11.4 Determination and Monitoring of Counter-Party Credit Exposure

16.11.4.1 Determination of Total Potential Exposure for a Counter-Party

(1) A Counter-Party’s “Total Potential Exposure” (TPE) is: (i) for a Counter-Party that has granted ERCOT a first priority security interest in receivables generated under or in connection with the Counter-Party Agreement or is an EC or an Entity created under Texas Water Code (TWC) § 222.001, Creation, the algebraic sum of its current and future credit exposures, and (ii) for every other Counter-Party, the sum of its current credit exposure, if positive, and Future Credit Exposures (FCEs), if positive.

(a) Current credit exposure is calculated as the Initial Estimated Liability (IEL) or the greater of its Estimated Aggregate Liability (EAL), Aggregate Incremental Liability (AIL) or the sum of its EAL and AIL. Current credit exposure includes the following:

(i) Obligations as a result of the Adjustment Period operations and Real-Time operations, including emergency operations;

(ii) Known obligations in the DAM; and

(iii) CRR-related known obligations.

(b) FCE is calculated as the FCE that reflects the future mark-to-market value of CRRs registered in the name of the Counter-Party.

(2) For a Counter-Party that has granted ERCOT a first priority security interest in receivables generated under or in connection with the Counter-Party Agreement or is an EC or an Entity created under TWC § 222.001:

TPE = Max [0, [Max [(IEL for the first 60 days), EAL, AIL, (EAL+AIL)] + FCE]]

For all other Counter-Parties:

TPE = Max [0, (IEL for the first 60 days), EAL, AIL, (EAL+AIL)] + Max [0, FCE]

1. However, if a Counter-Party has a Credit Rating below BB or Ba3 or an Equity to Asset Ratio of less than 10%, the following calculation will be used in place of the calculation in paragraph (2) above

(a) If a Counter-Party has granted ERCOT a first priority security interest in receivables generated under or in connection with the Counter-Party Agreement or is an EC or an Entity created under TWC § 222.001:

TPE = Max [MCE, [Max [(IEL for the first 60 days), EAL, AIL, (EAL+AIL)] + FCE]]

(b) Otherwise:

TPE = Max [MCE, [Max [0, (IEL for the first 60 days), EAL, AIL, (EAL+AIL)] + Max [0, FCE]]]

(4) For a Counter-Party, ERCOT shall calculate the Minimum Current Exposure (MCE) using the following formula:

**MCE = OUT + PUL + RTLO + MRTFL \* md + FCE**

The above variables are defined as follows:

|  |  |  |
| --- | --- | --- |
| Variable | Unit | Description |
| OUT | $ | *Outstanding Unpaid Transactions*—Outstanding, unpaid transactions of the Counter-Party, which include (1) outstanding Invoices to the Counter-Party, including Invoices for DAM activity and CRR Auction activity, (2) estimated unbilled items to the Counter-Party, to the extent not adequately accommodated in the ADTE calculation (including resettlements and other known liabilities), and (3) estimated CRR Auction revenue available for distribution for the next two months, to the extent not invoiced to the Counter-Party. Invoices will not be considered outstanding for purposes of this calculation the Business Day after that Invoice payment is received. |
| PUL | $ | *Potential Uplift*—Potential uplift to the Counter-Party, to the extent and in the proportion that the Counter-Party represents Entities to which an uplift of a short payment will be made pursuant to Section 9.19, Partial Payments by Invoice Recipients. It is calculated as the sum of:  (a) Amounts expected to be uplifted within one year of the date of the calculation; and  (b) 25%, or such other percentage based on available statistics regarding payment default under bankruptcy reorganization plans, of any short payment amounts being repaid to ERCOT under a bankruptcy reorganization plan that are due more than one year from the date of the calculation. |
| RTLO | $ | *Real-Time Liability Outstanding*—The estimated or settled amounts due from or to ERCOT due to activities in the Real-Time and Adjustment Period. Real-Time Liability (RTL) is the amounts for Load increased by amounts for awarded DAM energy offers, and Energy Trade sales and is decreased by amounts for awarded DAM Energy Bids, Energy Trade purchases, and estimated or settled amounts for generation. In addition RTL will be adjusted for CRRs settled in Real-Time and for other amounts due to or from ERCOT by the Counter-Party. RTL is determined over all Settlement Points and all Settlement Intervals over all relevant days, as follows:  (a) For each Operating Day that is completed and settled but for which no Invoice has been issued, ERCOT shall calculate RTL using Settlement Statement data; and  (b) For each Operating Day that is completed but not settled or for which no Invoice has been issued, ERCOT shall calculate RTL as the higher of ERCOT’s estimate of the Counter-Party’s RTL for the day or the Counter-Party’s estimate of RTL for the day; |
| MRTFL | $ | *Minimum Real-Time Forward Liability* ⎯ The Counter-Party’s Minimum Real-Time Forward Liability shall be calculated as the Maximum of Daily Highest Real Time Imbalance Volume in most recent 30 days, Highest Real Time Load Volume in most recent 30 days, 20% of Highest Real Time Generation Volume in most recent 30 days; multiplied by 120% of the associated derived Average Price per Mwh. If Counter-Party has no Real Time Imbalance Volume, Real Time Load Volume or Real Time Generation Volume in the most recent 30 days, then it is 0. ERCOT may review and set limits for the derived average prices. |
| md | none | Minimum Days for which Real Time Exposure should be covered. This value is currently 2 days. |
| FCE | $ | *Future Credit Exposure*—Counter-Party FCE for all CRRs held by the Counter-Party as owner of record at ERCOT, for all Operating Days that have not yet occurred and for CRRs that have not settled. |

(5) If ERCOT, in its sole discretion, determines that the TPE for a Counter-Party calculated under paragraph (1) above does not adequately match the financial risk created by that Counter-Party’s activities under these Protocols, then ERCOT may set a different TPE for that Counter-Party. ERCOT shall, to the extent practical, give to the Counter-Party the information used to determine that different TPE. ERCOT shall provide written or electronic notice to the Counter-Party of the basis for ERCOT’s assessment of the Counter-Party’s financial risk and the resulting creditworthiness requirements.

(6) ERCOT shall monitor and calculate each Counter-Party’s TPE daily.

16.11.4.3 Determination of Counter-Party Estimated Aggregate Liability

After a Counter-Party receives its first Invoice, ERCOT shall monitor and calculate the Counter Party’s EAL based on the formula below.

EAL = Max [IEL during the first 60-day period, Max (ADTE during the previous 60-day period)]   
+ OUT + PUL + DALE

The above variables are defined as follows:

| Variable | Unit | Description |
| --- | --- | --- |
| EAL | $ | *Estimated Aggregate Liability*—EAL for the Counter-Party. |
| IEL | $ | *Initial Estimated Liability*—IEL (as defined in Section 16.11.4.2, Determination of Counter-Party Initial Estimated Liability) for the Counter-Party. |
| ADTE | $ | *Average Daily Transaction Extrapolated*—35 days multiplied by the sum of the net amount due from or to ERCOT by the Counter-Party in Real-Time Initial Settlement Statements generated in the 14 most recent calendar days divided by the number of Real-Time Initial Settlement Statements generated for the Counter-Party in the 14 most recent calendar days. Forward extrapolation for the Counter-Party’s CRR Account Holder activity is excluded from this calculation. |
| OUT | $ | *Outstanding Unpaid Transactions*—Outstanding, unpaid transactions of the Counter-Party, which include (a) outstanding Invoices to the Counter-Party; (b) estimated unbilled items to the Counter-Party, to the extent not adequately accommodated in the ADTE calculation (including resettlements and other known liabilities); and (c) estimated CRR Auction revenue available for distribution for the next two months, to the extent not invoiced to the Counter-Party. Invoices will not be considered outstanding for purposes of this calculation the Business Day after that Invoice payment is received. |
| PUL | $ | *Potential Uplift*—Potential uplift to the Counter-Party, to the extent and in the proportion that the Counter-Party represents Entities to which an uplift of a short payment will be made pursuant to Section 9.19, Partial Payments by Invoice Recipients. It is calculated as the sum of: (a) Amounts expected to be uplifted within one year of the date of the calculation; and (b) 25%, or such other percentage based on available statistics regarding payment default under bankruptcy reorganization plans, of any short payment amounts being repaid to ERCOT under a bankruptcy reorganization plan that are due more than one year from the date of the calculation. |
| DALE | $ | *Average Daily Day Ahead Liability Extrapolated*—16 days multiplied by the sum of the net amount due to or from ERCOT by the Counter-Party in the DAM Settlement Statements generated in the seven most recent calendar days that includes Ancillary Services and Point-to-Point (PTP) Obligations bought in the DAM divided by the number of DAM Settlement Statements generated for the Counter-Party in the seven most recent calendar days. Forward extrapolation for the Counter-Party’s CRR Account Holder activity is excluded from this calculation. |

16.11.4.4 Determination of Counter-Party Aggregate Incremental Liability

ERCOT shall monitor and calculate an AIL for each Counter-Party using the formula below:

AIL =  (RTL *d*) – Max [0, (MAX (ADTE during previous 60-day period) / 35 \* N \* 0.9)]

The above variables are defined as follows:

| Variable | Unit | Description |
| --- | --- | --- |
| AIL | $ | *Aggregate Incremental Liability*—The amount by which the calculated incremental liability of the Counter-Party for all relevant days, N, exceeds the ADTE. |
| RTL | $ | *Real-Time Liability*—The estimated or settled amounts due from or to ERCOT due to activities in the Real-Time and Adjustment Period. Real-Time Liability (RTL) is the amounts for Load increased by amounts for awarded DAM energy offers, and Energy Trade sales and is decreased by amounts for awarded DAM Energy Bids, Energy Trade purchases, and estimated or settled amounts for generation. In addition RTL will be adjusted for CRRs settled in Real-Time and for other amounts due to or from ERCOT by the Counter-Party. RTL is determined over all Settlement Points and all Settlement Intervals over all relevant days, as follows:  (a) For each Operating Day that is completed and settled but for which no Invoice has been issued, ERCOT shall calculate RTL using Settlement Statement data;  (b) For each Operating Day that is completed but not settled or for which no Invoice has been issued, ERCOT shall calculate RTL as the higher of ERCOT’s estimate of the Counter-Party’s RTL for the day or the Counter-Party’s estimate of RTL for the day; and  (c) For seven Operating Days that are not yet completed, ERCOT shall calculate RTL as the higher of 150% of ERCOT’s estimate of the Counter-Party’s RTL for the most recent seven days or the Counter-Party’s forecast of RTL for the next seven days. |
| ADTE | $ | *Average Daily Transaction Extrapolated*—35 days multiplied by the sum of the net amount due from or to ERCOT by the Counter-Party in Real-Time Initial Settlement Statements generated in the 14 most recent calendar days divided by the number of Real-Time Initial Settlement Statements generated for the Counter-Party in the 14 most recent calendar days.. Forward extrapolation for the Counter-Party’s CRR Account Holder activity is excluded from this calculation. |
| d | none | One Operating Day in the period of relevant days. |
| N | none | All relevant days, i.e., the number of Operating Days that have not been invoiced plus seven future days. |

16.11.4.7 Credit Monitoring and Management Reports

(1) ERCOT shall post twice each Business Day on the MIS Certified Area each active Counter-Party’s credit monitoring and management related reports as listed below. The first posting shall be made by 1200 and the second posting shall be made as close as reasonably possible to the close of the Business Day but no later than 2350. The reports listed in (g), (h), and (i) below, are not required to be included in both first and second posting if the Counter-Party has no active CRR ownership. The reports listed in (c), (d), (e), (f), (g), (h) and (i) below, are not required to be included in the second post if there are no changes to the underlying data. ERCOT shall post one set of these reports on the MIS Certified Area on each non-Business Day for which an ACL is sent.

(a) Available Credit Limit (ACL) Summary Report;

(b) Total Potential Exposure (TPE) Summary Report;

(c) Minimum Current Exposure (MCE) Summary Report;

(d) Estimate Aggregate Liability (EAL) Summary Report;

(e) Estimated Aggregate Liability (EAL) Detail Report;

(f) Aggregate Incremental Liability (AIL) Detail Report;

(g) Future Credit Exposure for CRR PTP Obligations (FCEOBL) Summary Report;

(h) Future Credit Exposure for CRR PTP Options (FCEOPT) Summary Report; and

(i) Future Credit Exposure for CRR PTP Flowgate Rights (FCEFGR) Summary Report.

(2) ERCOT shall post once each Business Day on the MIS Certified Area each active Counter-Party’s credit monitoring and management related reports or extracts as listed below; however, these reports may not be posted if system limitations are prohibitive or if the Counter-Party has no active CRR ownership.

(a) Future Credit Exposure for CRR PTP Obligations (FCEOBL) Detail Report;

(b) Future Credit Exposure for CRR PTP Options (FCEOPT) Detail Report; and

(c) Future Credit Exposure for CRR PTP Flowgate Rights (FCEFGR) Detail Report.

(3) The reports listed referenced above will be posted to the MIS Certified Area in Portable Document File (PDF) format and Microsoft Excel (XLS) format. There shall be a provision to “open”, “save” and “print” each report.

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| --- |
| ***[NPRR241: Replace paragraph (3) above with the following upon system implementation:]***  (3) The reports referenced above will be posted to the MIS Certified Area in Portable Document File (PDF) format and Extensible Markup Language (XML) format. |