ERCOT Nodal Protocols

October 21, 2013

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ERCOT Nodal Protocols

Section 1: Overview

August 1, 2013

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1 OVERVIEW

1.1 Summary of the ERCOT Protocols Document

(1) The Electric Reliability Council of Texas (ERCOT) Protocols, created through the collaborative efforts of representatives of all segments of Market Participants, means the document adopted by ERCOT, including any attachments or exhibits referenced in these Protocols, as amended from time to time, that contains the scheduling, operating, planning, reliability, and Settlement (including Customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT. To determine responsibilities at a given time, the version of the ERCOT Protocols in effect at the time of the performance or non-performance of an action governs with respect to that action. These Protocols are intended to implement ERCOT's functions as the Independent Organization for the ERCOT Region as certified by the Public Utility Commission of Texas (PUCT) and as the Program Administrator appointed by the PUCT that is responsible for carrying out the administrative responsibilities related to the Renewable Energy Credit (REC) Program as set forth in subsection (g) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy. Market Participants, the Independent Market Monitor (IMM), and ERCOT shall abide by these Protocols.

(2) The ERCOT Board, Technical Advisory Committee (TAC), and other ERCOT subcommittees authorized by the ERCOT Board or TAC or ERCOT may develop polices, guidelines, procedures, forms, and applications for the implementation of and operation under, these Protocols and to comply with applicable rules, laws, and orders of a Governmental Authority. A policy, guideline, procedure, form, or application described above is an "Other Binding Document." Other Binding Documents do not include ERCOT's internal administrative procedures, documents and processes necessary to fulfill its role as the Independent Organization or as a registered Entity with the North American Electric Reliability Corporation (NERC).

(3) ERCOT shall post the Other Binding Documents List and all Other Binding Documents to a part of the Market Information System (MIS) Public Area reserved for posting Other Binding Documents. A TAC designated subcommittee shall review the Other Binding Documents List at least annually, and modifications to the Other Binding Documents List shall be reviewed and considered by the TAC designated subcommittee and by TAC at its next scheduled meeting.

(4) Any revision of an Other Binding Document must follow the revision process set forth in that Other Binding Document. If an Other Binding Document does not specify a revision process, the Other Binding Document shall be subject to the procedures in Section 21, Revision Request Process, and shall be treated as if it were a Protocol for purposes of the revision process.

(5) To the extent that Other Binding Documents are not in conflict with these Protocols or with an Agreement to which it is a party, each Market Participant, the IMM, and ERCOT shall abide by the Other Binding Documents. Taken together, these Protocols and the

Other Binding Documents constitute all of the "scheduling, operating, planning, reliability, and Settlement policies, rules, guidelines, and procedures established by the independent System Operator in ERCOT," as that phrase is used in subsection (j) of the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 39.151 (Vernon 1998 & Supp. 2007) (PURA), Essential Organizations, that bind Market Participants.

(6) Except as provided below, if the provisions in any attachment to these Protocols or in any of the Other Binding Documents conflict with the provisions of Section 1, Overview, through Section 21, and Section 24, Retail Point to Point Communications, then the provisions of Section 1 through Section 21, and Section 24 prevail to the extent of the inconsistency. If any provision of any Agreement conflicts with any provision of the Protocols, the Agreement prevails to the extent of the conflict. Any Agreement provision that deviates from the standard form for that Agreement in Section 22, Attachments, must expressly state that the Agreement provision deviates from the standard form in Section 22. Agreement provisions that deviate from the Protocols are effective only upon approval by the ERCOT Board on a showing of good cause.

(7) These Protocols are not intended to govern the direct relationships between or among Market Participants except as expressly provided in these Protocols. ERCOT is not responsible for any relationship between or among Market Participants to which ERCOT is not a party.

1.2 Functions of ERCOT

(1) ERCOT is the Independent Organization certified by the Public Utility Commission of Texas (PUCT) for the ERCOT Region. The major functions of ERCOT, as the Independent Organization, are to:

(a) Ensure access to the ERCOT Transmission Grid and distribution systems for all buyers and sellers of electricity on nondiscriminatory terms;

(b) Ensure the reliability and adequacy of the ERCOT Transmission Grid;

(c) Ensure that information relating to a Customer's choice of Retail Electric Provider (REP) in Texas is conveyed in a timely manner to the persons who need that information; and

(d) Ensure that electricity production and delivery are accurately accounted for among the All-Inclusive Generation Resources and wholesale buyers and sellers, and Transmission Service Providers (TSPs) and Distribution Service Providers (DSPs), in the ERCOT Region.

(2) ERCOT is the Control Area Operator (CAO) for the ERCOT interconnection and performs all Control Area functions as defined in the Operating Guides and the North American Electric Reliability Corporation (NERC) policies.

(3) ERCOT procures Ancillary Services to ensure the reliability of the ERCOT System.

(4) ERCOT is the central counterparty for all transactions settled by ERCOT pursuant to these Protocols and is deemed to be the sole buyer to each seller, and the sole seller to each buyer, of all energy, Ancillary Services, Reliability Unit Commitments (RUCs), Emergency Response Service (ERS), and other products or services for which ERCOT may pay or charge a Market Participant, except for those products or services procured through bilateral transactions between Market Participants and those products or services that are self-arranged by Market Participants.

(5) ERCOT is the PUCT-appointed Program Administrator of the Renewable Energy Credits (RECs) Program.

(6) These Protocols are intended to implement the above-described functions. In the exercise of its sole discretion under these Protocols, ERCOT shall act in a reasonable, nondiscriminatory manner.

(7) Nothing in these Protocols may be construed as causing TSPs, DSPs, or Resources to transfer any control of their Facilities to ERCOT.

(8) ERCOT may not profit financially from its activities as the Independent Organization in the ERCOT Region. ERCOT may not use its discretion in the procurement of Ancillary Service capacity or deployment of energy to influence, set or control prices.

1.3 Confidentiality

1.3.1 Restrictions on Protected Information

Section 1.3, Confidentiality, applies to Protected Information disclosed by a Market Participant to ERCOT or the Independent Market Monitor (IMM) or by ERCOT to a Market Participant or the IMM. ERCOT, the IMM, or any Market Participant ("Receiving Party") may not disclose Protected Information received from one of the others ("Disclosing Party") to any other Entity except as specifically permitted in this Section and in these Protocols. A Receiving Party may not use Protected Information except as necessary or appropriate in carrying out its responsibilities under these Protocols. To disclose means to directly or indirectly disclose, reveal, distribute, report, publish, or transfer Protected Information to any party other than to the Disclosing Party.

1.3.1.1 Items Considered Protected Information

Subject to the exclusions set out in Section 1.3.1.2, Items Not Considered Protected Information, and in Section 3.2.5, Publication of Resource and Load Information, "Protected Information" is information containing or revealing any of the following:

(a) Base Points, as calculated by ERCOT. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(b) Bids, offers, or pricing information identifiable to a specific Qualified Scheduling Entity (QSE) or Resource. The Protected Information status of part of this information shall expire 60 days after the applicable Operating Day, as follows:

(i) Ancillary Service Offers by Operating Hour for each Resource for all Ancillary Services submitted for the Day-Ahead Market (DAM) or any Supplemental Ancillary Services Market (SASM);

(ii) The quantity of Ancillary Service offered by Operating Hour for each Resource for all Ancillary Service submitted for the DAM or any SASM; and

(iii) Energy Offer Curve prices and quantities for each Settlement Interval by Resource. The Protected Information status of this information shall expire within seven days after the applicable Operating Day if required to be posted as part of paragraph (5) of Section 3.2.5 and within two days after the applicable Operating Day if required to be posted as part of paragraph (6) of Section 3.2.5;

(c) Status of Resources, including Outages, limitations, or scheduled or metered Resource data. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(d) Current Operating Plans (COPs). The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(e) Ancillary Service Trades, Energy Trades, and Capacity Trades identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(f) Ancillary Service Schedules identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(g) Dispatch Instructions identifiable to a specific QSE or Resource, except for Reliability Unit Commitment (RUC) commitments and decommitments as provided in Section 5.5.3, Communication of RUC Commitments and Decommitments. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(h) Raw and Adjusted Metered Load (AML) data (demand and energy) identifiable to a specific QSE, Load Serving Entity (LSE), or Customer. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(i) Wholesale Storage Load (WSL) data identifiable to a specific QSE. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(j) Settlement Statements and Invoices identifiable to a specific QSE. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(k) Number of Electric Service Identifiers (ESI IDs) identifiable to a specific LSE. The Protected Information status of this information shall expire 365 days after the applicable Operating Day;

(l) Information related to generation interconnection requests, to the extent such information is not otherwise publicly available. The Protected Information status of this information shall expire when the generation interconnection agreement is executed or a financial arrangement for transmission construction is completed with a Transmission Service Provider (TSP);

(m) Resource-specific costs, design and engineering data;

(n) Congestion Revenue Right (CRR) credit limits, the identity of bidders in a CRR Auction, or other bidding information identifiable to a specific CRR Account Holder. The Protected Information status of this information shall expire as follows:

(i) The Protected Information status of the identities of CRR bidders that become CRR Owners and the number and type of CRRs that they each own shall expire at the end of the CRR Auction in which the CRRs were first sold; and

(ii) The Protected Information status of all other CRR information identified above in item (n) shall expire six months after the end of the year in which the CRR was effective.

(o) Renewable Energy Credit (REC) account balances. The Protected Information status of this information shall expire three years after the REC Settlement period ends;

(p) Credit limits identifiable to a specific QSE;

(q) Any information that is designated as Protected Information in writing by Disclosing Party at the time the information is provided to Receiving Party except for information that is expressly designated not to be Protected Information by Section 1.3.1.2 or that, pursuant to Section 1.3.3, Expiration of Confidentiality, is no longer confidential;

(r) Any information compiled by a Market Participant on a Customer that in the normal course of a Market Participant's business that makes possible the

identification of any individual Customer by matching such information with the Customer's name, address, account number, type of classification service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges, billing record, or any other information that a Customer has expressly requested not be disclosed ("Proprietary Customer Information") unless the Customer has authorized the release for public disclosure of that information in a manner approved by the Public Utility Commission of Texas (PUCT). Information that is redacted or organized in such a way as to make it impossible to identify the Customer to whom the information relates does not constitute Proprietary Customer Information;

(s) Any software, products of software, or other vendor information that ERCOT is required to keep confidential under its agreements;

(t) QSE, TSP, and Distribution Service Provider (DSP) backup plans collected by ERCOT under the Protocols or Other Binding Documents;

(u) Direct Current Tie (DC Tie) information provided to a TSP or DSP under Section 9.17.2, Direct Current Tie Schedule Information;

(v) Any Texas Standard Electronic Transaction (TX SET) transaction submitted by an LSE to ERCOT or received by an LSE from ERCOT. This paragraph does not apply to ERCOT's compliance with:

(i) PUCT Substantive Rules on performance measure reporting;

(ii) These Protocols or Other Binding Documents; or

(iii) Any Technical Advisory Committee (TAC)-approved reporting requirements;

(w) Mothballed Generation Resource updates and supporting documentation submitted pursuant to Section 3.14.1.9, Generation Resource Return to Service Updates;

(x) Information provided by Entities under Section 10.3.2.4, Reporting of Net Generation Capacity;

(y) Alternative fuel reserve capability and firm gas availability information submitted pursuant to Section 6.5.9.3.1, Operating Condition Notice, Section 6.5.9.3.2, Advisory, and Section 6.5.9.3.3, Watch, and as defined by the Operating Guides;

(z) Non-public financial information provided by a Counter-Party to ERCOT pursuant to meeting its credit qualification requirements as well as the QSE's form of credit support;

(aa) ESI ID, identity of Retail Electric Provider (REP), and MWh consumption associated with transmission-level Customers that wish to have their Load excluded from the Renewable Portfolio Standard (RPS) calculation consistent with Section 14.5.3, End-Use Customers, and subsection (j) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy;

(bb) Generation Resource emergency operations plans and weatherization plans; or

(cc) Information provided by a Counter-Party under Section 16.16.3, Verification of Risk Management Framework.

[NPRR491: Insert item (dd) below upon system implementation:]

(dd) Status of Non-Modeled Generators and Distributed Generation, including Outages, limitations, or scheduled or metered Resource data. The Protected Information status of this information shall expire 60 days after the applicable Operating Day.

1.3.1.2 Items Not Considered Protected Information

(1) Notwithstanding the definition of "Protected Information" in Section 1.3.1.1, Items Considered Protected Information, the following items are not Protected Information even if so designated:

(a) Data comprising Load flow cases, which may include estimated peak and off-peak Demand of any Load;

(b) Existence of Power System Stabilizers (PSSs) at each interconnected Generation Resource and PSS status (in service or out of service);

(c) RMR Agreements;

(d) Studies, reports and data used in ERCOT's assessment of whether a Reliability Must-Run (RMR) Unit satisfies ERCOT's criteria for operational necessity to support ERCOT System reliability but only if they have been redacted to exclude Protected Information under Section 1.3.1.1;

(e) Status of RMR Units;

(f) Information provided to ERCOT in support of an "Application for Reliability Must Run (RMR) Status" according to Section 3.14.1, Reliability Must Run;

(g) Black Start Agreements;

(h) Within two Business Days of a request from a potential generating Facility for a full resource interconnection study, the county in which the Facility is located,

Facility fuel type(s), Facility nameplate capacity, and anticipated in-service date(s) and signed generation interconnection agreements; and

(i) Any other information specifically designated in these Protocols or in the PUCT Substantive Rules as information to be posted to the Market Information System (MIS) Public Area or MIS Secure Area that is not specified as information that is subject to the requirements of Section 1.3, Confidentiality.

(2) Protected Information that Receiving Party is permitted or required to disclose or use under the Protocols or under an agreement between Receiving Party and a Disclosing Party does not cease to be regarded as Protected Information in all other circumstances not encompassed by these Protocols or such agreement by virtue of the permitted or required disclosure or use under these Protocols or such agreement.

(3) ERCOT shall also post information related to full interconnection requests as set forth in this Section no less than once per month.

(4) Within ten Business Days of executing a generator interconnection agreement, the TSP shall provide a copy to ERCOT.

1.3.2 Procedures for Protected Information

(1) The Receiving Party shall adopt procedures within its organization to maintain the confidentiality of all Protected Information. Such procedures must provide that:

(a) The Protected Information may be disclosed to the Receiving Party's directors, officers, employees, representatives, and agents only on a "need to know" basis;

(b) The Receiving Party shall make its directors, officers, employees, representatives, and agents aware of Receiving Party's obligations under this Section;

(c) If reasonably practicable, the Receiving Party shall cause any copies of the Protected Information that it creates or maintains, whether in hard copy, electronic format, or other form, to identify the Protected Information as such; and

(d) Before disclosing Protected Information to a representative or agent of the Receiving Party, the Receiving Party shall require a nondisclosure agreement with that representative or agent. That nondisclosure agreement must contain confidentiality provisions substantially similar to the terms of this Section.

1.3.3 Expiration of Confidentiality

(1) If PUCT Substantive Rules or other sections of the ERCOT Protocols require public posting (or posting to all Market Participants) of information identified as Protected Information in Section 1.3.1.1, Items Considered Protected Information, the Protected

Information status of such information shall expire at the time such information is required to be posted.

(2) ERCOT shall make the following information available on the MIS Public Area in a standard reporting format:

(a) Ancillary Service Obligation and Ancillary Service Supply Responsibility for each QSE. This information shall be made available 180 days after the Operating Day; and

(b) Complete COP data for each QSE snapshot on each hour. This information shall be made available 60 days after the Operating Day.

(3) ERCOT shall make available the AML for each QSE by LSE, by Load Zone and by Settlement Interval, from the True Up settlement. This data shall be made available within two Business Days of the 180 day expiration of confidentiality date. Data for the posting will remain accessible for six months after the Operating Day.

(4) The Protected Information status of specific information related to generation interconnection requests in item (l) of Section 1.3.1.1 expires two Business Days following a request from a potential generating Facility for a Full Interconnection Study. This information will be updated and posted at least once per month on the ERCOT Planning and Operations Information website. The specific information is as follows:

(a) County in which the Facility is located;

(b) Facility fuel type(s);

(c) Facility nameplate capacity; and

(d) Anticipated in-service date(s).

(5) The Protected Information status of data specified in item (l) of Section 1.3.1.1, that is not released under the provisions in paragraph (4) of Section 1.3.3, expires when the generation interconnection agreement (or acceptable alternative for Municipal and Cooperative utilities) is executed.

(6) Upon the expiration of the Protected Information status of any data specified in Section 1.3.1.1, which does not have specific posting requirements, that data must be made available to the extent required under Section 12, Market Information System.

(7) Information that is no longer Protected Information, but not posted, including Dispatch Instructions, is available on request under the ERCOT Request for Records and Information Policy. Requested information must be provided within a reasonable timeframe. For Dispatch Instructions, the information may be requested with respect to a specific Resource, where applicable, and by service type and Settlement Interval or as integrated over each Settlement Interval for Dispatch Instructions with sub-Settlement Interval frequency.

1.3.4 Protecting Disclosures to the PUCT and Other Governmental Authorities

Any disclosure that a Receiving Party makes to the PUCT must be made under applicable PUCT rules. For any disclosure of Protected Information to the PUCT outside the scope of subsection (e) of P.U.C. SUBST. R. 25.362, Electric Reliability Council of Texas (ERCOT) Governance, the Receiving Party must file that Protected Information as confidential pursuant to subsection (d) of P.U.C. PROC. R. 22.71, Filing of Pleadings, Documents, and Other Materials. For any disclosure of Protected Information to the Commodity Futures Trading Commission (CFTC) pursuant to a request made under the CFTC's authority in accordance with the Commodity Exchange Act and the CFTC's regulations, ERCOT, as the Receiving Party, shall timely submit to the CFTC a written request for confidential treatment of the Protected Information in accordance with the applicable provisions of the Commodity Exchange Act and CFTC regulations. Before making a disclosure under order of a Governmental Authority other than the PUCT and the CFTC, the Receiving Party shall seek a protective order from such Governmental Authority to protect the confidentiality of Protected Information. Nothing in this Section authorizes any disclosure of Protected Information to the PUCT or other Governmental Authority; this Section merely creates requirements on disclosures that are authorized under other sections of these Protocols.

1.3.5 Notice Before Permitted Disclosure

Before making any disclosure under Section 1.3.4, Protecting Disclosures to the PUCT and Other Governmental Authorities, or under Section 1.3.6, Exceptions, the Receiving Party shall promptly notify the Disclosing Party in writing and shall assert confidentiality and cooperate with the Disclosing Party in seeking to protect the Protected Information from disclosure by confidentiality agreement, protective order, aggregation of information, or other reasonable measures. Notwithstanding the foregoing, ERCOT is not required to provide notice to the Disclosing Party of disclosures made under items (1)(b) or (1)(k) of Section 1.3.6.

1.3.6 Exceptions

(1) The Receiving Party may, without violating Section 1.3, Confidentiality, disclose Protected Information:

(a) To governmental officials, Market Participants, the public, or others as required by any law, regulation, or order, or by these Protocols, but any Receiving Party must make reasonable efforts to restrict public access to the disclosed Protected Information by protective order, by aggregating information, or otherwise if reasonably possible; or

(b) If ERCOT is the Receiving Party and disclosure to the PUCT of the Protected Information is required by ERCOT pursuant to applicable Protocol, law, regulation, or order; or

(c) If the Disclosing Party has given its prior written consent to the disclosure, which consent may be given or withheld in Disclosing Party's sole discretion; or

(d) If the Protected Information, before it is furnished to the Receiving Party, is in the public domain; or

(e) If the Protected Information, after it is furnished to the Receiving Party, enters the public domain other than as a result of a breach by the Receiving Party of its obligations under Section 1.3; or

(f) If reasonably deemed by the disclosing Receiving Party to be required to be disclosed in connection with a dispute between the Receiving Party and the Disclosing Party, but the disclosing Receiving Party must make reasonable efforts to restrict public access to the disclosed Protected Information by protective order, by aggregating information, or otherwise if reasonably possible; or

(g) To a TSP or DSP engaged in the ERCOT Transmission Grid or Distribution System planning and operating activities, provided that the TSP or DSP has executed a confidentiality agreement with requirements substantially similar to those in Section 1.3; or

(h) To a vendor or prospective vendor of goods and services to ERCOT so long as such vendor or prospective vendor:

  (i) Is not a Market Participant; and

  (ii) Has executed a confidentiality agreement with requirements substantially similar to those in Section 1.3; or

(i) To the North American Electric Reliability Corporation (NERC) if required for compliance with any applicable NERC requirement, but any Receiving Party must make reasonable efforts to restrict public access to the disclosed Protected Information as reasonably possible; or

(j) To ERCOT and its consultants, the IMM, and members of task forces and working groups of ERCOT, if engaged in performing analysis of abnormal system conditions, disturbances, unusual events, and abnormal system performance, or engaged in tasks involving information deemed Critical Energy Infrastructure Information (CEII) for support of the ERCOT Transmission Grid. Notwithstanding the foregoing sentence, task forces and working groups may not receive Ancillary Service Offer prices or other competitively sensitive price or cost information before expiration of its status as Protected Information, and each member of a task force or working group shall execute a confidentiality agreement with requirements substantially similar to those in Section 1.3, prior to receiving any Protected Information. Data to be disclosed under this exception to task forces and working groups must be limited to clearly defined periods surrounding the relevant conditions, events, or performance under review and must be limited in scope to information pertinent to the condition or events under review and may include the following:

(i) QSE Ancillary Service awards and deployments, in aggregate and by type of Resource;

(ii) Resource facility availability status, including the status of switching devices, auxiliary loads, and mechanical systems that had a material impact on Resource facility availability or an adverse impact on the transmission system operation;

(iii) Individual Resource information including Base Points, maximum/minimum generating capability, droop setting, real power output, and reactive output;

(iv) Resource protective device settings and status;

(v) Data from COPs;

(vi) Resource Outage schedule information; and

(vii) Black Start Service (BSS) test results and ERCOT's Black Start plan, including individual Black Start Resource start-up procedures, cranking paths, and individual TSP Black Start plans; or

(k) To the CFTC if requested from ERCOT by the CFTC as part of an investigation or regulatory inquiry authorized pursuant to the Commodity Exchange Act and the CFTC's regulations or if required to be submitted to the CFTC pursuant to any other law, provided that ERCOT, as the Receiving Party, must timely submit a written request for confidential treatment in accordance with the CFTC's regulations.

(2) Such information may not be disclosed to other Market Participants prior to ten days following the Operating Day under review.

1.3.7 Specific Performance

It will be impossible or very difficult to measure in monetary terms the damages that would accrue due to any breach by Receiving Party of Section 1.3, Confidentiality, or any failure to perform any obligation contained in Section 1.3 and, for that reason, among others, a Disclosing Party affected by a disclosure or threatened disclosure is entitled to specific performance of Section 1.3. In the event that a Disclosing Party institutes any proceeding to enforce any part of Section 1.3, the affected Receiving Party, by entering any agreement incorporating these Protocols, now waives any claim or defense that an adequate remedy at law exists for such a breach.

1.3.8 Commission Declassification

After providing reasonable notice and opportunity for hearing to ERCOT and a Disclosing Party, to the extent that the Disclosing Party is known by the PUCT, the PUCT may reclassify Protected Information as non-confidential in accordance with applicable PUCT rules.

1.3.9 Expansion of Protected Information Status

A Market Participant may petition the PUCT to include specific information not listed in Section 1.3.1.1, Items Considered Protected Information, within the definition of Protected Information for good cause. In addition, a Market Participant may petition the PUCT to expand the time period for maintaining Protected Information status of specific information, or prohibit disclosure altogether, for good cause. After reasonable notice and opportunity for hearing, the PUCT may grant or deny such petition.

1.4 Operational Audit

1.4.1 Materials Subject to Audit

ERCOT's records and documentation pertaining to its operation as the certified Independent Organization for the ERCOT Region are subject to audit in the manner prescribed herein. The rights of Market Participants to audit ERCOT are limited to the provisions in Section 1.4, Operational Audit.

1.4.2 ERCOT Finance and Audit Committee

The ERCOT Board shall have overall audit responsibility for ERCOT. The ERCOT Board may fulfill audit responsibilities itself or delegate them to the ERCOT Finance and Audit (F&A) Committee. Upon delegation, the ERCOT F&A Committee shall make recommendations to the ERCOT Board or directly appoint an external independent certified public accounting firm or firms ("Appointed Firm") to conduct certain audits. For audits performed by an Appointed Firm, the ERCOT F&A Committee shall directly approve the initiation, scheduling, and reporting of such audits or make recommendations to the ERCOT Board. The ERCOT F&A Committee may also direct the ERCOT Internal Audit Department to conduct certain audits. The ERCOT F&A Committee shall approve an annual audit plan for the ERCOT Internal Audit Department.

1.4.3 Operations Audit

1.4.3.1 Audits to Be Performed

(1) At least annually, an Appointed Firm shall perform an audit of ERCOT based on Statement on Standards for Attestation Engagements, No. 16 (SSAE16).

(2) The ERCOT Internal Audit Department will conduct audits of the following on a periodic basis no less than once every three years:

(a) Compliance with ERCOT's policies that prohibit employees from:

(i) Being involved in business decisions where the individual stands to gain or lose personally from the decision;

(ii) Having a direct financial interest in a Market Participant;

(iii) Serving in an advisory, consulting, technical or management capacity for any business organization that does significant business with ERCOT (other than through service on ERCOT committees); and

(iv) Accepting any gifts or entertainment of significant value from employees or representatives of any Market Participant doing business in ERCOT. Such gifts and entertainment shall not exceed the limits specified in ERCOT's Code of Conduct and Ethics Corporate Standard and other applicable policies.

(b) Whether ERCOT is operating in compliance with the confidentiality and Protected Information provisions of these Protocols;

(c) Verification that ERCOT, in its administration of these Protocols, is operating independently of control by any Market Participant or group of Market Participants; and

(d) Any audit required by the Public Utility Commission of Texas (PUCT).

1.4.3.2 Material Issues

(1) The audits performed under Section 1.4.3.1, Audits to be Performed, may also include material issues raised by ERCOT Members and/or Market Participants if:

(a) Such issues have been presented to TAC, approved by TAC and approved by the ERCOT F&A Committee for inclusion in the audit scope; or

(b) Such issues are part of a random sample of complaints selected by the auditors for review, and affected Market Participants have agreed in writing to the examination of their related information in the compliance audit.

(2) Members and Market Participants shall send any requests regarding such issues to the ERCOT TAC Chairperson designee identified on the MIS for inclusion on the TAC agenda.

1.4.4 Audit Results

Unless a longer time frame is reasonably necessary (e.g., for the market Settlements audit (SSAE16 audit), which is performed over a significant period of time), each audit report will be prepared and finalized no later than four months after the initiation of the audit. Results of all audits performed pursuant to this Section shall be reported to the ERCOT F&A Committee. These audits will be filed with the PUCT in accordance with PUCT Rules. ERCOT may file an audit as confidential and Protected Information in order to protect Protected Information and other confidential or sensitive information therein. Findings and recommended actions identified as a result of an audit will be reviewed by the ERCOT F&A Committee. The results of the audits required by this Section and the recommended actions to be taken by ERCOT shall be provided to ERCOT Members and Market Participants upon request to the extent these items do not contain Protected Information or other confidential or sensitive information.

1.4.5 Availability of Records

Subject to the requirements of Section 1.4.6, Confidentiality of Information, ERCOT will provide the ERCOT Internal Audit Department, and/or the Appointed Firm and any other staff augmentation resources full and complete access to all financial books, cost statements, accounting records, and all documentation pertaining to the requirements of the specific audits being performed. ERCOT will retain records relating to audits until the records retention requirements of ERCOT are satisfied; or until the audit issues are fully resolved, whichever is the later. Such retention shall be a term of not less than four years and not be required for more than seven years. This Section 1.4, Operational Audit, is not intended to require ERCOT to create any new records, reports, studies, or evaluations.

1.4.6 Confidentiality of Information

All Protected Information as defined in these Protocols obtained by the Appointed Firm or other staff augmentation resources through any audits will remain strictly confidential. To retain control of Protected Information, ERCOT will require that each Appointed Firm and each individual staff augmentation resource either (i) sign a confidentiality agreement with terms substantially similar to the terms of Section 1.3, Confidentiality, above before being allowed access to any ERCOT records or documentation; or (ii) observe the Appointed Firm's internal confidentiality policies and procedures, whichever is acceptable to ERCOT's Legal Department but is no less stringent than the terms of Section 1.3. Audit reports and/or results provided to Market Participants or ERCOT Members shall not contain any Protected Information.

1.5 ERCOT Fees and Charges

Fees and charges to Market Participants for use of the ERCOT scheduling, settlement, registration, and other related systems and equipment are set forth in these Protocols. The ERCOT Board may adopt additional fees and charges as reasonably necessary to cover the additional costs of such systems and equipment. Market Participants are responsible for all such

applicable fees and charges. ERCOT shall post a schedule of ERCOT fees and charges on the MIS Public Area within two Business Days of change.

1.6 Open Access to the ERCOT Transmission Grid

1.6.1 Overview

Open access to the ERCOT Transmission Grid must be provided to all Eligible Transmission Service Customers by Transmission Service Providers (TSPs) and ERCOT under these Protocols and the P.U.C. Substantive Rules, Chapter 25, Substantive Rules Applicable to Electric Service Providers, Subchapter I, Transmission and Distribution.

1.6.2 Eligibility for Transmission Service

Transmission Service is available to all Eligible Transmission Service Customers. Energy may be transmitted and Ancillary Service may be provided on behalf of an Eligible Transmission Service Customer through the ERCOT System only through a QSE.

1.6.3 Nature of Transmission Service

Transmission Service allows all Eligible Transmission Service Customers to deliver and receive Energy using the Transmission Facilities of all of the Transmission Service Providers in ERCOT under P.U.C. Substantive Rules.

1.6.4. Payment for Transmission Access Service

ERCOT may not collect Transmission Access Service fees for the TSPs' cost of service. ERCOT shall provide volumetric data, pursuant to Section 9, Settlement and Billing, to the TSPs so that the TSPs can calculate their Transmission access fees. ERCOT's collection and settlement process associated with ERCOT's scheduling and deployment of Ancillary Service is addressed separately in these Protocols.

1.6.5 Interconnection of New or Existing Generation

Interconnection of new All-Inclusive Generation Resources to the ERCOT Transmission Grid must be in accordance with the Protocols, the Planning Guide, the Nodal Operating Guides and Other Binding Documents. For existing All-Inclusive Generation Resources which connect to a new Point of Interconnection (POI) or which utilize more than one POI to the ERCOT Transmission Grid, any Protocol or Other Binding Document requirements applicable to Generation Resources which are based upon the execution date of the Standard Generation Interconnection Agreement (SGIA) shall be applied to the date of the first executed SGIA with the following exceptions:

(a) For a new POI, existing Generation Resources shall comply with the requirements in Section 3.15, Voltage Support, and Nodal Operating Guide Section 2.9, Voltage Ride-Through Requirements for Generation Resources, based upon the execution date of the most recent SGIA.

(b) For more than one POI, existing Generation Resources shall comply with the requirements in Section 3.15 and Nodal Operating Guide Section 2.9 based upon the execution date of the SGIA relative to the POI where the Generation Resource is electrically connected.

1.7 Rules of Construction

(1) Capitalized terms and acronyms used in the Protocols have the meanings set out in Section 2, Definitions and Acronyms, of these Protocols or the meanings expressly set out in another Section of the Protocols. If a capitalized term or acronym is defined in both Section 2, and another Section of these Protocols, then the definition in that other Section controls the meaning of that term or acronym in that Section, but the definition in Section 2, controls in all other Sections of the Protocols; and

(2) In these Protocols, unless the context clearly otherwise requires:

(a) The singular includes the plural and vice versa;

(b) The present tense includes the future tense, and the future tense includes the present tense;

(c) Words importing any gender include the other gender;

(d) The words “including,” “includes,” and “include” are deemed to be followed by the words “without limitation;”

(e) The word “shall” denotes a duty;

(f) The word “will” denotes a duty, unless the context denotes otherwise;

(g) The word “must” denotes a condition precedent or subsequent;

(h) The word “may” denotes a privilege or discretionary power;

(i) The phrase “may not” denotes a prohibition;

(j) Reference to a Section, Attachment, Exhibit, or Protocol means a Section, Attachment, Exhibit, or provision of these Protocols;

(k) References to any statutes, regulations, tariffs, or these Protocols are deemed references to such statute, regulation, tariff, or Protocol as it may be amended, replaced, or restated from time to time;

(l) Unless expressly stated otherwise, references to agreements and other contractual instruments include all subsequent amendments and other modifications to the instruments, but only to the extent that the amendments and other modifications are not prohibited by these Protocols;

(m) References to persons or Entities include their respective successors and permitted assigns and, for governmental Entities, Entities succeeding to their respective functions and capacities;

(n) References to "writing" include printing, typing, lithography, and other means of reproducing words in a tangible visible form;

(o) Any reference to a day, week, month, or year is to a calendar day, week, month, or year unless otherwise noted; and

(p) Any reference to time is to Central Prevailing Time; the 24-hour clock is used unless otherwise noted.

(q) Any reference to dollars is U.S. currency dollars unless otherwise noted.

(r) All Settlement calculations are in dollars (USD), unless otherwise noted.

(s) Any reference to energy is electrical energy, unless otherwise noted.

(3) These provisions apply to giving notice under the Protocols:

(a) Whenever these Protocols require an Entity to send a notice to another Entity and do not specify the method by which that notice should be sent, then the notice may be sent by:

(i) Hand-delivery:

(ii) Electronic mail;

(iii) Facsimile transmission;

(iv) Overnight delivery service (e.g., Federal Express, DHL or similar service) that requires a signed receipt;

(v) The Messaging System or other electronic means provided for by these Protocols; or

(vi) U.S. Mail, first class postage prepaid, registered (or certified) mail, return receipt requested, properly addressed.

(b) Notice by facsimile, electronic mail, the Messaging System, or other electronic means provided for by these Protocols is considered received when sent unless

transmitted after 5:00 p.m. local time of the recipient or on a non-Business Day, in which case it is considered received one Business Day after it was sent.

(c) Notice by overnight delivery service that requires a signed receipt is considered received on the day that it was received.

(d) Notice by U.S. Mail is considered received three days after the date it was deposited in the U.S. Mail, first class postage prepaid, registered (or certified) mail, return receipt requested, properly addressed.

(e) For any notice sent by facsimile or electronic mail, the sender must promptly confirm the notice, in writing, by delivering the notice by:

(i) U.S. Mail, first class postage prepaid, registered (or certified) mail, return receipt requested, properly addressed;

(ii) Overnight delivery service requiring a signed receipt; or

(iii) Hand-delivery.

(f) If the Protocols require notice to a registered Market Participant by ERCOT, ERCOT must send the notice to the then-current Authorized Representative, if any, for the Market Participant as set forth in the Market Participant's Application for Registration on file with ERCOT or another representative designated in writing by the Authorized Representative for the purpose of receiving communications from ERCOT.

(g) When the Protocols require a notice to be in writing, sending it by electronic mail, the Messaging System, or other electronic means satisfies the requirement that the notice be in writing.

(4) Nothing in these Protocols may be construed to grant any jurisdiction or authority to NERC or FERC that they do not otherwise have.

1.8 Effective Date

Provisions of these Protocols approved through the process set forth in Section 21, Revision Request Process, but not implemented until a specified later date or in accordance with other specified prerequisites to implementation, must be set forth, and the approved but not yet implemented provision must be set forth in boxes within the Protocols.

ERCOT Nodal Protocols

Section 2: Definitions and Acronyms

October 1, 2013

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2 DEFINITIONS AND ACRONYMS

The list of acronyms is at the end of this Definitions Section.

2.1 DEFINITIONS

Definitions are supplied for terms used in more than one Section of the Protocols. If a term is used in only one Section, it is defined there at its earliest usage.

LINKS TO DEFINITIONS:

A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z;

List of Acronyms

A

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Adjusted Metered Load (AML)

Retail Load usage data that has been adjusted for Unaccounted for Energy (UFE), Transmission Losses, Distribution Losses, and Direct Current Tie (DC Tie) exports (except for the Oklaunion Exemption).

Adjusted Static Models

Load Profiles that are generated from statistical models that are based on static historical Load data, and adjusted for conditions of the day (e.g., weather, Season, etc.).

Adjustment Period

For each Operating Hour, the time between 1800 in the Day-Ahead up to the start of the hour before that Operating Hour.

Advanced Meter

Any new or appropriately retrofitted meter that functions as part of a system that includes such meters and the associated hardware, software, and communications devices, that collects time-differentiated energy usage, and that is deployed pursuant to P.U.C. SUBST. R. 25.130, Advanced Metering.

Advanced Metering System (AMS)

A system, including Advanced Meters and the associated hardware, software, and communications devices, that collects time-differentiated energy usage and is deployed pursuant to P.U.C. SUBST. R. 25.130, Advanced Metering.

Advisory

The second of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition, detailed in Section 6.5.9, Emergency Operations.

Affiliate

(a) An Entity that directly or indirectly owns or holds at least 5% of the voting securities of another Entity; or

(b) An Entity in a chain of successive ownership of at least 5% of the voting securities of another Entity; or

(c) An Entity that has at least 5% of its voting securities owned or controlled, directly or indirectly, by another Entity; or

(d) An Entity that has at least 5% of its voting securities owned or controlled, directly or indirectly, by an Entity who directly or indirectly owns or controls at least 5% of the voting securities of another Entity or an Entity in a chain of successive ownership of at least 5% of the voting securities of another Entity; or

(e) A person who is an officer or director of another Entity or of a corporation in a chain of successive ownership of at least 5% of the voting securities of an Entity; or

(f) Any other Entity determined by the Public Utility Commission of Texas (PUCT) to be an Affiliate.

Aggregate Generation Resource (AGR) (*see* Resource)

Aggregate Load Resource (ALR) (*see* Resource)

Agreement

A signed written agreement between ERCOT and a Market Participant using one of the standard form agreements in Section 22, Attachments, including those agreements containing changes to the standard form, which changes have been approved by the ERCOT Board.

All-Inclusive Generation Resource (*see* Resource)

All-Inclusive Resource (*see* Resource)

Alternative Dispute Resolution (ADR)

Procedures, outlined in Section 20, Alternative Dispute Resolution Procedure, for settling disputes by means other than litigation.

Ancillary Service

A service necessary to support the transmission of energy to Loads while maintaining reliable operation of the Transmission Service Provider's (TSP's) transmission system using Good Utility Practice.

Ancillary Service Capacity Monitor

A set of processes described in Section 8.1.1.3, Ancillary Service Capacity Compliance Criteria, to determine the Real-Time capability of Resources to provide Ancillary Service.

Ancillary Service Obligation

For each Ancillary Service, a Qualified Scheduling Entity's (QSE's) ERCOT-allocated share of total ERCOT System needs for that Ancillary Service.

Ancillary Service Offer

An offer to supply Ancillary Service capacity in the Day-Ahead Market (DAM) or a Supplemental Ancillary Service Market (SASM).

Ancillary Service Plan

A plan produced by ERCOT, as described in Section 4.2.1, Ancillary Service Plan and Ancillary Service Obligation, which identifies the types and amount of Ancillary Service necessary for each hour of the Operating Day.

Ancillary Service Resource Responsibility

The MW of an Ancillary Service that each Resource is obligated to provide in Real-Time rounded to the nearest MW.

Ancillary Service Schedule

The MW of each Ancillary Service that each Resource is providing in Real-Time and the MW of each Ancillary Service for each Resource for each hour in the Current Operating Plan (COP).

Ancillary Service Supply Responsibility

The net amount of Ancillary Service capacity that a QSE is obligated to deliver to ERCOT, by hour and service type, from Resources represented by the QSE.

Ancillary Service Trade

A QSE-to-QSE transaction that transfers an obligation to provide Ancillary Service capacity between a buyer and a seller.

Applicable Legal Authority (ALA)

A Texas or federal law, rule, regulation, or applicable ruling of the PUCT or any other regulatory authority having jurisdiction, an order of a court of competent jurisdiction, or a rule, regulation, applicable ruling, procedure, protocol, guide or guideline of the Independent Organization, or any Entity authorized by the Independent Organization to perform registration or settlement functions.

Area Control Error (ACE)

A calculation of the MW correction needed to control the actual system frequency to the scheduled system frequency.

Authorized Representative

The person(s) designated by an Entity during the registration process in Section 16, Registration and Qualification of Market Participants, who is responsible for authorizing all registration information required by ERCOT Protocols and ERCOT business processes, including any changes in the future, and will be the contact person(s) between the registered Entity and ERCOT for all business matters requiring authorization by ERCOT.

Automatic Voltage Regulator (AVR)

A device on a Generation Resource or a control system at the Facility of a Generation Resource used to automatically control the voltage to an established voltage set point.

Availability Plan

An hourly representation of availability of Reliability Must-Run (RMR) Units or Synchronous Condenser Units, or an hourly representation of the capability of Black Start Resources as submitted to ERCOT by 0600 in the Day-Ahead by QSEs representing RMR Units, Synchronous Condenser Units or Black Start Resources.

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Bank Business Day (*see* Business Day)

Bankrupt

The condition of an Entity that:

(a) Files a petition or otherwise commences a proceeding under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it;

(b) Makes an assignment or any general arrangement for the benefit of creditors;

(c) Has a liquidator, administrator, receiver, trustee, conservator, or similar official appointed with respect to it or any substantial portion of its property or assets; or

(d) Is generally unable to pay its debts as they fall due.

Base Point

The MW output level for a Resource produced by the Security-Constrained Economic Dispatch (SCED) process.

Black Start Resource (*see* Resource)

Black Start Service (BSS)

An Ancillary Service provided by a Resource able to start without support of the ERCOT Transmission Grid.

Blackout

A condition in which frequency for the entire ERCOT System has dropped to zero and Generation Resources are no longer serving Load.

Partial Blackout

A condition in which an uncontrolled separation of a portion of the ERCOT System occurs and frequency for that portion has dropped to zero and Generation Resources within that portion are no longer serving Load and restoration is dependent on either internal Black Start Plans or assistance for restoration is needed from neighboring transmission operator(s) within the ERCOT System which requires ERCOT coordination.

Block Load Transfer (BLT)

A transfer system that isolates a group of Loads from the Control Area in which they normally are served and then connects them to another Control Area. Such transfer systems involve either transferring Loads normally in the ERCOT Control Area to a non-ERCOT Control Area or transferring Loads normally in non-ERCOT Control Areas to the ERCOT Control Area.

Bus Load Forecast

A set of processes used by ERCOT to determine a forecast of the Load at each Electrical Bus in the ERCOT Transmission Grid.

Business Day

Monday through Friday, excluding observed holidays listed below:

(a) New Year's Day;

(b) Memorial Day;

(c) Independence Day;

(d) Labor Day;

(e) Thanksgiving Thursday and Friday; and

(f) Two days at Christmas, as designated from time to time by the ERCOT CEO.

Bank Business Day

Any day during which the United States Federal Reserve Bank of New York is open for normal business activity.

Retail Business Day

Same as a Business Day, except in the case of retail transactions processed by a TSP or Distribution Service Provider (DSP), Competitive Retailers (CRs) shall substitute the TSP or DSP holidays for ERCOT holidays when determining the time available to the TSP or DSP to process the transaction. For additional important information related to Retail Business Days, please refer to the Retail Market Guide.

Business Hours

0800 to 1700 Central Prevailing Time (CPT) on Business Days.

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Capacity Trade

A QSE-to-QSE financial transaction that transfers responsibility to supply capacity between a buyer and a seller at a Settlement Point.

Central Prevailing Time (CPT)

Either Central Standard Time or Central Daylight Time, in effect in Austin, Texas.

Comision Federal de Electricidad (CFE)

The government agency in Mexico charged with the responsibility of operating the Mexican national electricity grid.

Common Information Model (CIM)

A standard way to communicate information about a transmission system. The CIM is used to describe the ERCOT transmission system topology consisting of Transmission Elements, including all the parameters needed to describe the Transmission Elements and how they interrelate to one another. The CIM that ERCOT and the TSP use must conform to the North American Electric Reliability Corporation (NERC) and Electric Power Research Institute (EPRI) standards for CIMs.

Competitive Constraint

A contingency and limiting Transmission Element pair or group of Transmission Elements associated with a Generic Transmission Limit (GTL) that is determined to be competitive using the process defined in Section 3.19, Constraint Competitiveness Tests.

Competitive Retailer (CR)

A Municipally Owned Utility (MOU) or an Electric Cooperative (EC) that offers Customer Choice and sells electric energy at retail in the restructured electric power market in Texas, or a Retail Electric Provider (REP).

Competitive Retailer (CR) of Record

The CR assigned to the Electric Service Identifier (ESI ID) in ERCOT's database. There can be no more than one CR of Record assigned to an ESI ID for any given time period.

Compliance Period

A calendar year beginning January 1 and ending December 31 in which Renewable Energy Credits (RECs) are required of a Retail Entity.

Compliance Premium

A payment awarded by the Program Administrator in conjunction with a REC that is generated by a renewable energy source that is not powered by wind and meets the criteria of subsection (l) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy. For the purpose of the Renewable Portfolio Standard (RPS) requirements, one Compliance Premium is equal to one REC.

Conductor/Transformer 2-Hour Rating (*see* Rating)

Congestion Revenue Right (CRR)

A financial instrument that entitles the holder to be charged or to receive compensation (*i.e.*, congestion rent), depending on the instrument, when the ERCOT Transmission Grid is congested in the DAM or in Real-Time.

Flowgate Right (FGR)

A type of CRR that entitles the holder to receive compensation and is evaluated in each CRR Auction and DAM as the positive power flows represented by the quantity of the CRR bid or

offer (MW) on a flowgate (i.e., predefined directional network element or a predefined bundle of directional network elements).

Point-to-Point (PTP) Obligation

A type of CRR that entitles the holder to be charged or to receive compensation and is evaluated in each CRR Auction and DAM as the positive and negative power flows on all directional network elements created by the injection and withdrawal at the specified source and sink points of the quantity represented by the CRR bid or offer (MW).

Point-to-Point (PTP) Obligation with Links to an Option

A type of CRR that entitles a Non-Opt-In Entity's (NOIE's) PTP Obligation bought in the DAM to be reflective of the NOIE's PTP Option. To qualify as a PTP Obligation of this type, the source and sink pairs on both the NOIE's PTP Obligation and the NOIE's PTP Option shall be the same, and the MWs of the NOIE's PTP Obligations shall be less than or equal to the number of MWs of the NOIE's PTP Option. Qualified PTP Obligations with Links to an Option shall be settled as if they were a PTP Option.

Point-to-Point (PTP) Option

A type of CRR that is evaluated in each CRR Auction and DAM as the positive power flows on all directional network elements created by the injection and withdrawal at the specified source and sink points in the quantity represented by the CRR bid or offer (MW), excluding all negative flows on all directional network elements. A PTP Option entitles the holder to receive compensation equal to the positive energy price difference between the sink and the source Settlement Point Prices. A PTP Option with Refund is evaluated in the same manner and compensated as described in Section 7.4.2, PCRR Allocation Terms and Conditions.

Congestion Revenue Right (CRR) Account Holder

An Entity that is qualified to become the owner of record of CRRs and is registered as a CRR Account Holder with ERCOT.

Participating Congestion Revenue Right (CRR) Account Holder

For a given CRR Auction, a CRR Account Holder who either owns one or more CRRs effective during the Operating Days covered by the CRR Auction, or whose Counter-Party has a non-zero credit limit available and allocated to the CRR Auction as described in paragraph (1) of Section 7.5.5.3, Auction Process.

Congestion Revenue Right (CRR) Auction

A periodic auction by ERCOT that allows eligible CRR Account Holders to buy and sell CRRs.

Congestion Revenue Right (CRR) Auction Capacity

The fraction of the network capacity that is offered for sale in a given CRR Auction.

Congestion Revenue Right (CRR) First Offering

The CRR Auction, which is part of a CRR Long-Term Auction Sequence, in which a series of calendar months of CRRs is offered for sale for the first time.

Congestion Revenue Right (CRR) Long-Term Auction Sequence

A series of four CRR Auctions held consecutively, each of which entails the sale of a six-month window of CRRs.

Congestion Revenue Right (CRR) Monthly Auction

The CRR Auction in which a calendar month is offered for sale for the last time. This CRR Auction may, but is not required to, be conducted on the same dates as a CRR Auction that is part of a CRR Long-Term Auction Sequence.

Congestion Revenue Right (CRR) Network Model

A model of ERCOT network topology to be used in conducting a CRR Auction. It must be based on, but is not the same as, the Updated Network Model, as detailed in Section 3.10.3, CRR Network Model.

Congestion Revenue Right (CRR) Owner

A CRR Account Holder that owns one or more CRRs.

Continuous Service Agreement (CSA)

An arrangement between the owner or controller of a leased Premise and a CR wherein the CR provides service to the leased Premise between tenants so that the Premise does not experience discontinuation of electric service during vacancy.

Control Area

An electrical system, bound by interconnect (tie line) metering and telemetry, that continuously regulates, through automatic Resource control, its Resource(s) and interchange schedules to match its system Load and frequency schedule.

Control Area Operator (CAO)

An individual or set of individuals responsible for monitoring and controlling operation of a Control Area.

Controllable Load Resource (*see* Resource)

Controllable Load Resource Desired Load

The MW consumption for a Controllable Load Resource produced by summing its Scheduled Power Consumption and Ancillary Service deployments.

Cost Allocation Zone

One of the four zones in effect during the 2003 ERCOT market as they are changed pursuant to Section 3.4.2, Load Zone Modifications. A Cost Allocation Zone may be used by ERCOT to uplift certain costs to a QSE's Load regardless of NOIE Load Zone.

Counter-Party

A single Entity that is a QSE and/or a CRR Account Holder. A Counter-Party includes all registrations as a QSE, all subordinate QSEs, and all CRR Account Holders by the same Entity.

Critical Energy Infrastructure Information (CEII)

Information concerning proposed or existing critical infrastructure (physical or virtual) that:

(a) Relates to the production, generation, transmission or distribution of energy;

(b) Could be useful to a person planning an attack on critical infrastructure;

(c) Is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. § 552; and

(d) Gives strategic information beyond the location of the critical infrastructure.

Current Operating Plan (COP)

A plan by a QSE reflecting anticipated operating conditions for each of the Resources that it represents for each hour in the next seven Operating Days, including Resource operational data, Resource Status, and Ancillary Service Schedule.

Current Operating Plan (COP) and Trades Snapshot

A record of a QSE's Capacity Trades, Energy Trades, and most recent COP.

Customer

An Entity that purchases electricity for its consumption.

Customer Choice

The freedom of a retail Customer to purchase electric services, either individually or on an aggregated basis with other retail Customers, from the provider or providers of the Customer's choice and to choose among various fuel types, energy efficiency programs, and renewable power suppliers.

Customer Registration Database

The database maintained by the registration agent containing information identifying each Premise, including current and previous CRs serving the Premise.

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Data Aggregation

The process of netting, grouping, and summing Load consumption data, applying appropriate profiles, Transmission Loss Factors (TLFs), and Distribution Loss Factors (DLFs) and calculating and allocating UFE to determine each QSE and/or Load Serving Entity's (LSE's) responsibility by Settlement Interval by Load Zone and by other prescribed aggregation determinants.

Data Aggregation System (DAS)

The database and communication system that collects meter data from TSPs, DSPs and ERCOT Polled Settlement (EPS) Meters. The system performs aggregation functions to Load data in order to satisfy certain objectives, such as providing TSPs with Load share data to use in billing

CRs, assigning QSE Load responsibility, and assisting CRs and QSEs in their Settlement responsibilities. The data is also compiled along Load and Weather Zones.

Data Archive

An integrated normalized data structure of all the target source systems' transactions. The population of the Data Archive is an extraction of data from the transaction systems without altering the data. The Data Archive is used to populate the Data Warehouse.

Data Warehouse

De-normalized data stored in a schema, physically optimized to handle high volumes of data and concurrent user access, and generally lightly indexed.

Day-Ahead

The 24-hour period before the start of the Operating Day.

Day-Ahead Market (DAM)

A daily, co-optimized market in the Day-Ahead for Ancillary Service capacity, certain CRRs, and forward financial energy transactions.

Day-Ahead Market (DAM)-Committed Interval

A Settlement Interval for which the Resource has been committed due to a DAM award.

Day-Ahead Market (DAM) Energy Bid

A proposal to buy energy in the DAM at a Settlement Point at a monotonically decreasing price with increasing quantity.

Day-Ahead Market (DAM) Energy-Only Offer

A QSE's willingness to sell energy at or above a certain price and at a certain quantity at a specific Settlement Point in the DAM. A DAM Energy-Only Offer Curve may be offered only in the DAM. DAM Energy-Only Offer Curves are not Resource-specific.

Day-Ahead Market (DAM) Resettlement Statement (*see* Settlement Statement)

Day-Ahead Market (DAM) Statement (*see* Settlement Statement)

Day-Ahead Operations

The Day-Ahead process consisting of the DAM and Day-Ahead Reliability Unit Commitment (DRUC).

Day-Ahead Reliability Unit Commitment (DRUC)

A Reliability Unit Commitment (RUC) process performed for the next Operating Day.

[NPRR484: Insert the following definition "Delivery Month" upon system implementation:]

Delivery Month

The Delivery Month starts immediately after the Prompt Month Invoice has been paid through the end of the next operating month. For example, the Delivery Month for October would begin when the October Invoice is paid during the last week of September and end on October 31st; and in addition to CRRs held for delivery in Forward Months.

Delivery Plan

A plan by ERCOT containing the hours and levels of operation that an RMR Unit, including a Synchronous Condenser Unit, is instructed to operate.

Demand

The amount of instantaneous electric power in MW delivered at any specified point or points on a system.

Designated Representative

A responsible natural person authorized by the owners or operators of a renewable Resource to register that Resource with ERCOT.

Digital Certificate

An electronic file installed on a programmatic interface or an individual's assigned computer used to authenticate that the interface or individual is authorized for secure electronic messaging with ERCOT's computer systems.

Direct Current Tie (DC Tie)

Any non-synchronous transmission interconnections between ERCOT and non-ERCOT electric power systems.

Direct Current Tie (DC Tie) Load

A Load used to represent the withdrawal of power from the ERCOT System to a DC Tie.

Direct Current Tie (DC Tie) Resource

A Resource used to represent the injection of power into the ERCOT System from a DC Tie.

Direct Current Tie (DC Tie) Schedule

An energy schedule between ERCOT and a non-ERCOT Control Area and is represented by a corresponding Electronic Tag (e-Tag) that contains the physical transaction information such as the Settlement Point energy amount (MW), the associated DC Tie, and the buyer and seller.

Direct Load Control (DLC)

The control of end-use equipment (e.g., air conditioning equipment, water heaters) to reduce or increase energy consumption during select periods.

Dispatch

The act of issuing Dispatch Instructions.

Dispatch Instruction

A specific command issued by ERCOT to a QSE, TSP or DSP in the operation of the ERCOT System.

Dispute Contact

The individual associated with a Market Participant who is the primary contact with ERCOT regarding the pursuit of an Alternative Dispute Resolution (ADR) request.

Distributed Generation (DG)

An electrical generating facility located at a Customer's point of delivery (point of common coupling) ten megawatts (MW) or less and connected at a voltage less than or equal to 60 kilovolts (kV) which may be connected in parallel operation to the utility system.

Distributed Renewable Generation (DRG)

Electric generation with a capacity of not more than 2,000 kW provided by a renewable energy technology that is installed on a retail electric Customer's side of the meter.

Distribution Loss Factor (DLF)

The ratio of a DSP's estimated Distribution Losses to the total amount of energy deemed consumed (Interval Data Recorder (IDR) plus profiled consumption) on the DSP's system.

Distribution Losses

The difference between the energy delivered to the Distribution System and the energy consumed by Customers connected to the Distribution System.

Distribution Service Provider (DSP)

An Entity that owns or operates a Distribution System for the delivery of energy from the ERCOT Transmission Grid to Customers.

Distribution System

That portion of an electric delivery system operating under 60 kV that provides electric service to Customers or Wholesale Customers.

DUNS Number

A unique nine-digit common company identifier used in electronic commerce transactions, supplied by the Data Universal Numbering System (DUNS).

Dynamic Rating

The current-carrying capability of a Transmission Element adjusted to take into account the effect of ambient weather conditions.

Dynamic Rating Processor

A process used to establish ERCOT Transmission Element limits based upon factors such as ambient temperature and wind speed.

Dynamically Scheduled Resource (DSR) (*see* Resource)

Dynamically Scheduled Resource (DSR) Load

A Load that a QSE designates to be followed by a Dynamically Scheduled Resource (DSR).

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Electric Cooperative (EC)

(a) A corporation organized under the Electric Cooperative Corporation Act, TEX. UTIL. CODE ANN. ch 161 (Vernon 1998 & Supp. 2007);

(b) A corporation organized as an electric cooperative in a state other than Texas that has obtained a certificate of authority to conduct business in Texas; or

(c) A successor to an electric cooperative created before June 1, 1999 under a conversion plan approved by a vote of the members of the electric cooperative, regardless of whether the successor later purchases, acquires, merges with, or consolidates with other electric cooperatives.

Electric Reliability Council of Texas, Inc. (ERCOT)

A Texas nonprofit corporation that has been certified by the PUCT as the Independent Organization for the ERCOT Region.

Electric Reliability Organization

The organization approved by the Federal Energy Regulatory Commission (FERC) to perform the electric reliability organization functions described in the Electricity Modernization Act of 2005, 16 U.S.C. § 824o (2005).

Electric Service Identifier (ESI ID)

The basic identifier assigned to each Service Delivery Point used in the registration and settlement systems managed by ERCOT or another Independent Organization.

Electrical Bus

(1) A physical transmission element defined in the Network Operations Model that connects, using breakers and switches, one or more:

(a) Loads;

(b) Lines;

(c) Transformers;

(d) Generators;

(e) Capacitors;

(f) Reactors;

(g) Phase shifters; or

(h) Other reactive control devices to the ERCOT Transmission Grid where there is negligible impedance between the connected Transmission Elements.

(2) All Electrical Buses are designated by ERCOT and TSPs for modeling the electrical topology of the ERCOT Transmission Grid.

Electrically Similar Settlement Points

Two or more distinct Settlement Points that are either mapped to the same electrical location in a market model or are mapped to locations that are connected by a transmission element with a reactance of less than 0.0005 per unit.

Eligible Transmission Service Customer

A Transmission and/or Distribution Service Provider (TDSP) (for all uses of its transmission system), or any electric utility, MOU, EC, power generation company, CR, REP, federal power marketing agency, exempt wholesale generator, Qualifying Facility (QF), Independent Power Marketer, or other Entity that the PUCT has determined to be an Eligible Transmission Service Customer.

Emergency Base Point

The target MW output level for a Resource that is selected by ERCOT during an Emergency Condition.

Emergency Condition

An operating condition in which the safety or reliability of the ERCOT System is compromised or threatened, as determined by ERCOT, or that is the result of a failure of the SCED process.

Emergency Notice

The fourth of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition, detailed in Section 6.5.9, Emergency Operations.

Emergency Ramp Rate

The maximum rate of change in MW per minute of a Resource to provide Responsive Reserve (RRS) that is deployed by ERCOT and that is provided to ERCOT in up to ten segments, each represented by a single MW per minute value (across the capacity of the Resource), which describes the available rate of change in output for the given range (between High Sustained Limit (HSL) and Low Sustained Limit (LSL)) of the output of a Resource. In Real-Time SCED Dispatch, the Emergency Ramp Rate is telemetered by the QSE to ERCOT and represents the total capacity (in MW) that the Resource can change from its current actual generation within the next five minutes divided by five.

[NPRR555: Replace the above definition "Emergency Ramp Rate" with the following upon system implementation:]

Emergency Ramp Rate

The maximum rate of change (up and down) in MW per minute of a Resource to provide Responsive Reserve (RRS) that is deployed by ERCOT and that is provided to ERCOT in up to ten segments, each represented by a single MW per minute value (across the capacity of the Resource), which describes the available rate of change for the given range (between High Sustained Limit (HSL) and Low Sustained Limit (LSL)) of the generation or consumption of a Resource. In Real-Time SCED Dispatch, the up and down Emergency Ramp Rates are telemetered by the QSE to ERCOT and represent the total capacity (in MW) that the Resource can change from its current actual generation or consumption within the next five minutes divided by five.

Emergency Rating (*see* Rating)

Emergency Response Service (ERS)

An emergency service consistent with P.U.C. SUBST. R. 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS), used during an Energy Emergency Alert

(EEA) Level 2 to assist in maintaining or restoring ERCOT System frequency. ERS is not an Ancillary Service.

Emergency Response Service (ERS) Contract Period

A period designated by ERCOT during which an ERS Resource is obligated to provide ERS consisting of all or part of the contiguous hours in an ERS Standard Contract Term.

Emergency Response Service (ERS) Generator

Either (1) an individual generator contracted to provide ERS which is not a Generation Resource or a source of intermittent renewable generation and which provides ERS by injecting energy to the ERCOT System, or (2) an aggregation of such generators.

Emergency Response Service (ERS) Load

A Load or aggregation of Loads contracted to provide ERS.

Emergency Response Service (ERS) Resource

Either an ERS Load or an ERS Generator.

Emergency Response Service (ERS) Self-Provision

The designation by a QSE of one or more ERS Resources to meet some or all of that QSE's Load Ratio Share (LRS) of the total ERCOT-wide cost of ERS.

Emergency Response Service (ERS) Standard Contract Term

One of three periods for which ERCOT may procure ERS.

Emergency Response Service (ERS) Time Period

Blocks of hours in an ERS Contract Period in which ERS Resources are contractually committed to provide ERS

Energy Emergency Alert (EEA)

An orderly, predetermined procedure for maximizing use of available Resources and, only if necessary, curtailing load during an Emergency Condition while providing for the maximum possible continuity of service and maintaining the integrity of the ERCOT System.

Energy Imbalance Service

An Ancillary Service that is provided when a difference occurs between the scheduled and the actual delivery of energy in Real-Time.

Energy Offer Curve

A proposal to sell energy at a Settlement Point at a monotonically increasing price with increasing quantity.

Energy Trade

A QSE-to-QSE financial transaction that transfers responsibility for energy between a buyer and a seller at a Settlement Point.

Entity

Any natural person, partnership, municipal corporation, cooperative corporation, association, governmental subdivision, or public or private organization.

ERCOT-Polled Settlement (EPS) Meter

Any meter polled directly by ERCOT for use in the Settlement of the market.

ERCOT Region

The power region, as defined in P.U.C. SUBST. R. 25.5, Definitions, represented by the ERCOT Control Area.

ERCOT System

The interconnected power system that is under the jurisdiction of the PUCT and that is not synchronously interconnected with either the Eastern Interconnection or the Western Electricity Coordinating Council.

ERCOT System Demand

The sum of all power flows, in MW, on the DC Ties and from Generation Resources metered at the points of their interconnections with the ERCOT System at any given time.

ERCOT Transmission Grid

All Transmission Facilities that are part of the ERCOT System.

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Facilities

Equipment situated for the purpose of conducting service and/or business through use of the ERCOT System

Facility Identification Number

A number assigned to a renewable Resource facility by ERCOT.

15-Minute Rating (*see* Rating)

Financing Person

The lender, security holder, investor, partner, multilateral institution, or other Entity providing financing or refinancing for the business of another Entity, including development, construction, ownership, operation and/or maintenance of a facility or any portion thereof, or any trustee or agent acting on behalf of any of the foregoing.

Flowgate Right (FGR) (*see* Congestion Revenue Right (CRR))

Force Majeure Event

Any event beyond the reasonable control of, and that occurs without the fault or negligence of, an Entity whose performance is prevented by the occurrence of such event. Examples of such a Force Majeure Event may include the following, subject to the limitations of the above sentence: an act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, or a curtailment, order, regulation or restriction imposed by governmental, military, or lawfully established civilian authorities.

Forced Derate

The portion of the Resource removed from service when the derating exceeds the greater of ten MW or 5% of its Seasonal net max sustainable rating provided through the Resource registration

process. For QSEs representing Wind-powered Generation Resources (WGRs), the loss of a portion of the capacity shall be due to the unavailability of a portion of the equipment and shall not include capacity changes due to changes in wind speed at the WGR facility.

Forced Outage (*see* Outage)

[NPRR484: Insert the following definition "Forward Month" upon system implementation:]

Forward Month

Forward Months are defined as any month further out than the Delivery Month.

Fuel Index Price (FIP)

The midpoint price expressed in dollars per million British thermal units ($/MMBtu), published in *Gas Daily*, in the Daily Price Survey, under the heading "East-Houston-Katy, Houston Ship Channel." The *Gas Daily* indicates which flow dates the prices are effective. For Saturdays, Sundays, holidays, and other days for which *Gas Daily* does not publish an effective price, the effective price shall be the effective price for the Operating Day following the holiday or day without a published price. If, at the time of calculation of peaking operating cost of System-Wide Offer Cap, or at the time of settlement or calculation of generic costs, the described midpoint price for a particular Operating Day is not available, the effective price for the most recent preceding Operating Day shall be used.

[NPRR181: Replace the above definition "Fuel Index Price (FIP)" with the following upon system implementation:]

Fuel Index Price (FIP)

The midpoint price expressed in dollars per million British thermal units ($/MMBtu), published in *Gas Daily*, in the Daily Price Survey, under the heading "East-Houston-Katy, Houston Ship Channel" for the previous Gas Day applicable to the hour ending 0100 through hour ending 0900 of the current Operating Day. For hour ending 1000 through hour ending 2400 of the current Operating Day, the FIP is the midpoint price expressed in dollars per million British thermal units ($/MMBtu), published in *Gas Daily*, in the Daily Price Survey, under the heading "East-Houston-Katy, Houston Ship Channel" for the current Gas Day. The *Gas Daily* indicates which flow dates for the Gas Day that the prices are effective. For Saturdays, Sundays, holidays, and other days for which *Gas Daily* does not publish an effective price, the effective price shall be the effective price for the Gas Day following the holiday or day without a published price. If, at the time of calculation of peaking operating cost of System-Wide Offer Cap (SWCAP), or at the time of Settlement or calculation of generic costs, the described midpoint price for a particular

Gas Day is not available, the effective price for the most recent preceding Gas Day shall be used.

Fuel Oil Price (FOP)

The sum of five cents per gallon plus the average of the *Platts Oilgram Price Report* for U.S. Gulf Coast, pipeline No. 2 oil, converted to dollars per million British thermal units ($/MMBtu). The conversion is 0.1385 MMBtu per gallon. The *Platts Oilgram Price Report* indicates which Operating Days the prices are effective. In the event, at the time of settlement or calculation of generic costs, that the effective price for a particular Operating Day is not available, the effective price for the most recent preceding Operating Day shall be used.

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[NPRR181: Insert the following definition "Gas Day" upon system implementation:]

Gas Day

The 24 hour period containing hour ending 1000 of the Operating Day and concluding at hour ending 0900 the day following the Operating Day.

Generation Entity

The owner of an All-Inclusive Generation Resource and, unless otherwise specified in these Protocols, is registered as a Resource Entity.

Generation Resource (*see* Resource)

Generic Transmission Limit (GTL)

A transmission flow limit more constraining than a Transmission Element's normal limit established to constrain flow between geographic areas of the ERCOT Transmission System that is used to enforce stability and voltage constraints that cannot be modeled directly in ERCOT's transmission security analysis applications.

Good Utility Practice

Any of the practices, methods, and acts engaged in, or approved by, a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost

consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.

Governmental Authority

Any federal, state, local, or municipal body having jurisdiction over a Market Participant or ERCOT. A Governmental Authority that is also a Market Participant may not exercise its jurisdiction in any matter that involves the interests of that Market Participant where that matter also involves the interests or responsibilities of any other Market Participant or ERCOT, unless the matter is one in which the Market Participant has exclusive jurisdiction.

Governor

The electronic, digital, or mechanical device that implements Primary Frequency Response of a Resource.

Governor Dead-Band

The range of deviations of system frequency (+/-) that produces no Primary Frequency Response.

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Half-Hour Start Unit (*see* Resource)

High Ancillary Service Limit (HASL)

A dynamically calculated MW upper limit on a Resource to reserve the part of the Resource's capacity committed for Ancillary Service, calculated as described in Section 6.5.7.2, Resource Limit Calculator.

High Emergency Limit (HEL)

The limit established by the QSE describing the maximum temporary unsustainable energy production capability of a Resource. This limit must be achievable for a time stated by the QSE, but not less than 30 minutes.

High Sustained Limit (HSL)

High Sustained Limit (HSL) for a Generation Resource

The limit established by the QSE, continuously updated in Real-Time, that describes the maximum sustained energy production capability of the Resource.

High Sustained Limit (HSL) for a Load Resource

The limit calculated by ERCOT, using the QSE-established Maximum Power Consumption (MPC).

Hourly Reliability Unit Commitment (HRUC)

Any RUC executed after the DRUC.

Hub

A designated Settlement Point consisting of a Hub Bus or group of Hub Buses and the associated Settlement price calculation methodology prescribed in the definition of the Hub in Section 3.5.2, Hub Definitions. Hubs may only be created by an amendment to Section 3.5.2. The list of Hub Buses and the Settlement price calculation methodology that define a Hub can never be modified, and a Hub, once defined, exists in perpetuity.

Hub Bus

An energized Electrical Bus or group of energized Electrical Buses defined as a single element in the Hub definition. The Locational Marginal Price (LMP) of the Hub Bus is the simple average of the LMPs assigned to each energized Electrical Bus in the Hub Bus. If all Electrical Buses within a Hub Bus are de-energized, the LMP of the Hub does not include the de-energized Hub Bus. This is used solely for calculating the prices of existing Hub Buses defined in Section 3.5.2, Hub Definitions.

Hub LMP (see Locational Marginal Price)

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Independent Market Information System Registered Entity (IMRE)

A Market Participant that has signed the Standard Form Market Participant Agreement (as provided for in Section 22, Attachment A, Standard Form Market Participant Agreement), and has completed applicable registration and approval for the sole purpose of accessing the Market Information System (MIS) Secure Area.

Independent Market Monitor (IMM)

The Entity selected to monitor the wholesale electric market pursuant to the Public Utility Regulatory Act (PURA), TEX. UTIL. CODE ANN. § 39.1515 (Vernon 1998 & Supp. 2007) and P.U.C SUBST. R. 25.365, Independent Market Monitor.

Independent Organization

An independent organization as defined in the Public Utility Regulatory Act (PURA), TEX. UTIL. CODE ANN. § 39.151 (Vernon 1998 & Supp. 2007)

Interconnecting Entity (IE)

Any Entity that proposes to interconnect an All-Inclusive Generation Resource with the ERCOT System, upgrade the rated capacity of an existing All-Inclusive Generation Resource by ten MW or greater, re-power an All-Inclusive Generation Resource, or change the Point of Interconnection (POI) of an All-Inclusive Generation Resource.

Intermittent Renewable Resource (IRR) (*see* Resource)

Interval Data Recorder (IDR)

A metering device that is capable of recording energy in each Settlement Interval under Section 9, Settlement and Billing, and Section 10, Metering.

Interval Data Recorder (IDR) Meter

An IDR where the ESI ID is required to be assigned a BUSIDRRQ Load Profile Type code and data is submitted in accordance with Section 10.3.3.3, Submission of Settlement Quality Meter Data to ERCOT.

Interval Data Recorder (IDR) Meter Data Threshold

The percentage of IDR Meter data, by Meter Reading Entity (MRE), that must be available before ERCOT will perform a True-Up Settlement as set forth in Section 9.5.8, RTM True-Up Statement.

Interval Data Recorder (IDR) Meter Mandatory Installation Requirements

The kW (kVA) level at which the installation of an IDR Meter is required for Settlement purposes as set forth in Section 18.6.1, Interval Data Recorder Meter Mandatory Installation Requirements.

Interval Data Recorder (IDR) Meter Optional Removal Threshold

The kW (kVA) level at which an IDR may be removed as set forth in Section 18.6.6, Interval Data Recorder Meter Optional Removal.

Invoice

A notice for payment or credit due rendered by ERCOT.

Invoice Recipient

A Market Participant that receives an Invoice from ERCOT.

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Level I Maintenance Outage (*see* Outage)

Level II Maintenance Outage (*see* Outage)

Level III Maintenance Outage (*see* Outage)

Load

The amount of energy in MWh delivered at any specified point or points on a system.

Wholesale Storage Load (WSL)

Energy that is separately metered from all other Facilities to charge a technology that is capable of storing energy and releasing that energy at a later time to generate electric energy. WSL includes losses for the energy conversion process that are captured by the WSL EPS Meter. WSL is limited to the following technologies: batteries, flywheels, compressed air energy storage, pumped hydro-electric power, electro chemical capacitors, and thermal energy storage associated with turbine inlet chilling.

[PIR003: ERCOT Protocol Interpretation of Wholesale Storage Load (WSL):]

On June 11, 2013, ERCOT issued a Protocol Interpretation on the definition of Wholesale Storage Load (WSL) – providing guidance on which facilities are eligible for Settlement treatment under WSL. *See* Market Notice M-A061113-1, Protocol Interpretation Request – Wholesale Storage Load, at http://www.ercot.com/mktrules/nprotocols/pir_process.html for full details of the Protocol Interpretation of WSL.

Load Frequency Control (LFC)

The deployment of those Generation Resources that are providing Regulation Service to ensure that system frequency is maintained within predetermined limits and the deployment of those Generation Resources that are providing Responsive Reserve Service when necessary as backup regulation. LFC does not include the deployment of Responsive Reserve by Load Resources when deployed as a block under EEA procedures.

Load Profile

A representation of the energy usage of a group of Customers, showing the Demand variation on an hourly or sub-hourly basis.

Load Profile ID

The Load Profile designation string that contains, the Load Profile Type Code, the Weather Zone Code, the Meter Data Type Code, the Weather Sensitivity Code, and the Time-Of-Use Schedule Code. An example of all Load Profile IDs are located in the Load Profiling Guide, Appendix D, Profile Decision Tree.

Load Profile Models

Processes that use analytical modeling techniques to create Load Profiles.

Load Profile Segment

A sub-classification of a Load Profile Group. High Winter Ratio (HWR) is an example. Together, the Load Profile Group and the Load Profile Segment form the Load Profile Type.

Load Profile Type

A classification of a group of Customers having similar energy usage patterns and that are assigned the same Load Profile.

Load Profiling

The set of processes used to develop and create Load Profiles.

Load Profiling Methodology

The fundamental basis on which Load Profiles are created. The implementation of a Load Profiling Methodology may require statistical Sampling, engineering methods, econometric modeling, or other approaches.

Load Ratio Share

The ratio of an Entity's AML to total ERCOT AML for an interval.

Load Resource (*see* Resource)

Load Serving Entity (LSE)

An Entity that sells energy to Customers or Wholesale Customers and that has registered as an LSE with ERCOT. LSEs include Competitive Retailers (which includes REPs) and NOIEs that serve Load.

Load Zone

A group of Electrical Buses assigned to the same zone under Section 3.4, Load Zones. Every Electrical Bus in ERCOT with a Load must be assigned to a Load Zone for Settlement purposes. A NOIE Load Zone is a type of Load Zone.

Load Zone LMP (*see* Locational Marginal Price)

Locational Marginal Price (LMP)

The offer-based marginal cost of serving the next increment of Load at an Electrical Bus, which marginal cost is produced by the DAM process or by the SCED process.

[NPRR555: Replace the above definition "Locational Marginal Price (LMP)" with the following upon system implementation:]

Locational Marginal Price (LMP)

The offer and/or bid-based marginal cost of serving the next increment of Load at an Electrical Bus, which marginal cost is produced by the DAM process or by the SCED process.

Hub LMP

The price calculated for a Hub for each SCED interval according to the formula in Section 6.6.1.5, Hub LMPs, using LMPs at the Electrical Buses included in the Hub.

Load Zone LMP

The price calculated for a Load Zone for each SCED interval according to the formula in Section 6.6.1.4, Load Zone LMPs, using State Estimator (SE) Load data and LMPs at the Electrical Buses included in the Load Zone.

Low Ancillary Service Limit (LASL)

A dynamically calculated MW lower limit on a Resource to maintain the ability of the Resource to provide committed Ancillary Service.

Low Emergency Limit (LEL)

The limit established by the QSE describing the minimum temporary unsustainable energy production capability of a Resource. This limit must be achievable for a period of time indicated by the QSE but not less than 30 minutes.

Low Power Consumption (LPC)

For a Load Resource, the limit established by the QSE, continuously updated in Real-Time, that describes the minimum sustained power consumption of a Load Resource. The LPC shall be a positive number in MW.

[NPRR555: Replace the above definition "Low Power Consumption (LPC)" with the following upon system implementation:]

Low Power Consumption (LPC)

For a Load Resource, the limit established by the QSE, continuously updated in Real-Time, that describes the minimum sustained power consumption of a Load Resource. The LPC shall be a non-negative number in MW.

Low Sustained Limit (LSL)

Low Sustained Limit (LSL) for a Generation Resource

The limit established by the QSE, continuously updatable in Real-Time, that describes the minimum sustained energy production capability of a Resource.

Low Sustained Limit (LSL) for a Load Resource

The limit calculated by ERCOT, using the QSE-established LPC.

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Maintenance Outage (*see* Outage)

Make-Whole Charge

A charge made by ERCOT to a QSE for a Resource to recapture all or part of the revenues received by a QSE that exceed the Make-Whole Payment for a Resource.

Make-Whole Payment

A payment made by ERCOT to a QSE for a Resource to reimburse a QSE for allowable startup and minimum energy costs of a Resource not recovered in energy revenue when a Resource is committed by the DAM or by a RUC.

Mandatory Installation Threshold

A peak demand greater than 700 kW (or 700 kVA).

Market Clearing Price for Capacity (MCPC)

The hourly price for Ancillary Service capacity awarded in the DAM or a SASM.

Market Information System (MIS)

An electronic communications interface established and maintained by ERCOT that provides a communications link to the public and to Market Participants, as a group or individually.

Market Information System (MIS) Certified Area

The portion of the MIS that is available only to a specific Market Participant.

Market Information System (MIS) Public Area

The portion of the MIS that is available to the public.

Market Information System (MIS) Secure Area

The portion of the MIS that is available only to registered Market Participants.

Market Notice

A notice required by the Protocols or any Other Binding Document, or at ERCOT's discretion, regarding market-relevant information that shall be communicated through ERCOT publicly-subscribed electronic distribution channels.

Market Participant

An Entity, other than ERCOT, that engages in any activity that is in whole or in part the subject of these Protocols, regardless of whether that Entity has signed an Agreement with ERCOT. Examples of such an Entity include but are not limited to the following: LSE, QSE, TDSP, CRR Account Holder, Resource Entity, IMRE and REC Account Holder.

Market Segment

The segments defined in Article 2 of the ERCOT Bylaws.

Mass Transition

The transition of ESI IDs from one CR to a Provider of Last Resort (POLR) or designated CR, or from one TDSP to another TDSP, in a quantity or within a timeframe identified by Applicable Legal Authority.

Master Qualified Scheduling Entity (QSE) (*see* Qualified Scheduling Entity (QSE))

Maximum Power Consumption (MPC)

For a Load Resource, the limit established by the QSE, continuously updated in Real-Time, that describes the maximum sustained power consumption of a Load Resource. The MPC shall be a positive number in MW.

Measurable Event

A Measurable Event for performance analysis is a sudden change in frequency that has either:

(a) A frequency B Point between 59.700 Hz and 59.900 Hz or between 60.100 Hz and 60.300 Hz; or

(b) A difference between the B Point and the A Point greater than or equal to +/- 0.100 Hz; or

(c) Sudden generation or Load loss greater than 420 MW.

Messaging System

The ERCOT-to-QSE communications system used to send Real-Time notices and Dispatch Instructions to QSEs.

Meter Data Acquisition System (MDAS)

The system used to obtain revenue quality meter data from EPS meters and Settlement Quality Meter Data from TSPs and DSPs for Settlement and to populate the DAS and Data Archive.

Meter Reading Entity (MRE)

A TSP or DSP that is responsible for providing ERCOT with ESI ID level consumption data as defined in Section 19, Texas Standard Electronic Transaction. In the case of an EPS Meter or ERCOT-populated ESI ID data (such as Generation Resource site Load), ERCOT will be identified as the MRE in ERCOT systems.

Metering Facilities

Revenue Quality Meters, instrument transformers, secondary circuitry, secondary devices, meter data servers, related communication Facilities and other related local equipment intended to supply ERCOT settlement quality data.

Minimum-Energy Offer

An offer for the costs incurred by a Resource in producing energy at the Resource's LSL expressed in $/MWh.

Minimum Point-to-Point (PTP) Option Bid Price

A vaule of $0.010 representing the minimum price that can be submitted into the CRR Auction for a PTP Option bid.

Minimum Reservation Price

The lowest price that a seller is willing to accept.

Mitigated Offer Cap

An upper limit on the price of an offer as detailed in Section 4.4.9.4.1, Mitigated Offer Cap.

Mitigated Offer Floor

A lower limit on the price of an offer as detailed in Section 4.4.9.4.2, Mitigated Offer Floor.

Mothballed Generation Resource (*see* Resource)

Move-In Request

A request submitted by a CR on behalf of a Customer to initiate service at a Premise with the requesting CR.

Move-Out Request

A request submitted by a CR on behalf of a Customer to terminate service at a Premise with the requesting CR.

Municipally Owned Utility (MOU)

A utility owned, operated, and controlled by a nonprofit corporation, the directors of which are appointed by one or more municipalities, or a utility owned, operated, or controlled by a municipality.

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Net Dependable Capability

The maximum sustained capability of a Resource as demonstrated by performance testing.

Net Generation

Gross generation less station auxiliary Load or other internal unit power requirements metered at or adjusted to the Point of Interconnection (POI) with the ERCOT Transmission Grid at the common switchyard.

Network Operations Model

A representation of the ERCOT System providing the complete physical network definition, characteristics, ratings, and operational limits of all elements of the ERCOT Transmission Grid and other information from TSPs, Resource Entities, and QSEs.

Network Security Analysis

A processor used by ERCOT to monitor Transmission Elements in the ERCOT Transmission Grid for limit violations and to verify Electrical Bus voltage limits to be within a percentage tolerance as outlined in the Operating Guides.

Non-Competitive Constraint

A contingency and limiting Transmission Element pair or group of Transmission Elements associated with a GTL that is not determined to be a Competitive Constraint under the process defined in Section 3.19, Constraint Competitiveness Tests.

Non-Metered Load

Load that is not required to be metered by applicable transmission or distribution tariff.

Non-Modeled Generator (*see* Resource)

Non-Opt-In Entity (NOIE)

An EC or MOU that does not offer Customer Choice.

Non-Opt-In Entity (NOIE) Load Zone

A Load Zone established by a NOIE or a group of NOIEs using a one-time NOIE election.

Non-Spinning Reserve (Non-Spin)

An Ancillary Service that is provided through use of the part of Off-Line Generation Resources that can be synchronized and ramped to a specified output level within 30 minutes (or Load Resources that can be interrupted within 30 minutes) and that can operate (or Load Resources that can be interrupted) at a specified output level for at least one hour. Non-Spin may also be provided from unloaded On-Line capacity that meets the 30-minute response requirements and that is reserved exclusively for use for this service.

Normal Ramp Rate

The rate of change in MW per minute of a Resource, which is specified by the QSE to ERCOT by up to ten segments; each segment represents a single MW per minute value (across the capacity of the Resource) that describe the available rate of change in output for the given range (between HSL and LSL) of output of a Resource. In Real-Time SCED Dispatch, the Normal Ramp Rate is telemetered by the QSE to ERCOT and represents the total capacity (in MW) that the Resource can change from its current actual generation within the next five minutes divided by five.

[NPRR555: Replace the above definition "Normal Ramp Rate" with the following upon system implementation:]

Normal Ramp Rate

The rate of change (up and down) in MW per minute of a Resource, which is specified by the QSE to ERCOT by up to ten segments; each segment represents a single MW per minute value (across the capacity of the Resource) that describe the available rate of change for the given range (between HSL and LSL) of generation or consumption of a Resource. In Real-Time SCED Dispatch, the up and down Normal Ramp Rates are telemetered by the QSE to ERCOT and represent the total capacity (in MW) that the Resource can change from its current actual generation or consumption within the next five minutes divided by five.

Normal Rating (*see* Rating)

Notice or Notification

The sending of information by an Entity to Market Participants, ERCOT, or others, as called for in these Protocols. Notice or Notification may be sent by electronic mail, facsimile transmission, or U.S. mail.

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Off-Line

The status of a Resource that is not synchronously interconnected to the ERCOT System.

Oklaunion Exemption

The export schedules from the Public Service Company of Oklahoma, the Oklahoma Municipal Power Authority, and the AEP Texas North Company for their share of the Oklaunion Resource over the North DC Tie that are not treated as Load connected at transmission voltage, are not subject to any of the fees described in Section 4.4.4, DC Tie Schedules, and are limited to the actual net output of the Oklaunion Resource.

On-Line

The status of a Resource that is synchronously interconnected to the ERCOT System.

On-Peak Hours

Hours ending in 0700 to 2200 CPT from Monday through Friday excluding NERC holidays.

Operating Condition Notice (OCN)

The first of four possible levels of communication issued by ERCOT in anticipation of a possible emergency condition detailed in Section 6.5.9.1 Emergency and Short Supply Operation.

Operating Day

The day, including hours ending 0100 to 2400, during which energy flows.

Operating Hour

A full clock hour during which energy flows.

Operating Period

A two-hour period comprised of the Operating Hour and the clock hour preceding the Operating Hour.

Opportunity Outage (*see* Outage)

Other Binding Documents List

List of Other Binding Documents as managed in paragraph (3) of Section 1.1, Summary of the ERCOT Protocols Document.

Outage

The condition of a Tranmission Facility or a portion of a Facility, or Generation Resource that is part of the ERCOT Transmission Grid and defined in the Network Operations Model that has been removed from its normal service, excluding the operations of Transmission Facilities associated with the start-up and shutdown of Generation Resources.

Forced Outage

An Outage initiated by protective relay, or manually in response to an observation by personnel that the condition of equipment could lead to an event, or potential event, that poses a threat to people, equipment, or public safety.

For a Generation Resource, an Outage that requires immediate removal, either through controlled or uncontrolled actions, of all or a portion of the capacity of the Resource from service through automated or manual means. This type of Outage usually results from immediate mechanical/electrical/hydraulic control system trips and operator-initiated actions in response to a Resource's condition.

Maintenance Outage

An Outage initiated manually to remove equipment from service to perform work on components that could be postponed briefly but that is required to prevent a potential Forced Outage and that cannot be postponed until the next Planned Outage. Maintenance Outages are classified as follows:

(1) **Level 1 Maintenance Outage** – Equipment that must be removed from service within 24 hours to prevent a potential Forced Outage;

(2) **Level II Maintenance Outage** – Equipment that must be removed from service within seven days to prevent a potential Forced Outage; and

(3) **Level III Maintenance Outage** – Equipment that must be removed from service within 30 days to prevent a potential Forced Outage.

Opportunity Outage

An Outage that may be accepted by ERCOT when a specific Resource is Off-Line due to an Outage.

Planned Outage

An Outage that is planned and scheduled in advance with ERCOT, other than a Maintenance Outage or Opportunity Outage.

Simple Transmission Outage

A Planned Outage or Maintenance Outage of any Transmission Element in the Network Operations Model such that when the Transmission Element is removed from its normal service, absent a Forced Outage of other Transmission Elements, the Outage does not cause a topology change in the LMP calculation and thus cannot cause any LMPs to change with or without the Transmission Element that is suffering the Outage.

Outage Scheduler

The application that TSPs or QSEs use to submit Notification of Outages or requests for Outages to ERCOT for approval, acceptance, or rejection.

Output Schedule

The self-scheduled output for every five-minute interval of a Resource provided by a QSE before the execution of SCED.

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Partial Blackout (*see* Blackout)

Participating Congestion Revenue Right (CRR) Account Holder (*see* Congestion Revenue Right (CRR) Account Holder)

Peak Load Season

Summer months are June, July, August, and September; winter months are December, January, and February.

PhotoVoltaic (PV)

Of or pertaining to a material or device in which electricity is generated as a result of exposure to light.

Physical Responsive Capability (PRC)

A representation of the total amount of system wide On-Line capability that has a high probability of being able to quickly respond to system disturbances.

Planned Outage (*see* Outage)

Planning Reserve Margin (PRM)

The net of total capacity for the Peak Load Season, less firm peak Load for the Peak Load Season, divided by the firm peak Load for the Peak Load Season (expressed as a percentage).

Point of Interconnection (POI)

The voltage level and substation where a Generation Entity's interconnection Facilities connect to the Transmission Facilities as reflected in the Standard Generation Interconnection Agreement (SGIA) between a Generation Entity and a Transmission Service Provider (TSP) or the voltage level and substation where Load interconnects to the TSP Facilities.

Point-to-Point (PTP) Obligation (*see* Congestion Revenue Right (CRR))

Point-to-Point (PTP) Obligation with Links to an Option (*see* Congestion Revenue Right (CRR))

Point-to-Point (PTP) Option (*see* Congestion Revenue Right (CRR))

Point-to-Point (PTP) Option Award Fee

A fee placed on each PTP Option bid awarded where the clearing price for the PTP Option bid awarded is less than the Minimum PTP Option Bid Price as further described in Section 7.7.1, Charging of PTP Option Award Fee.

Power System Stabilizer (PSS)

A device that is installed on Generation Resources to maintain synchronous operation of the ERCOT System under transient conditions.

Pre-Assigned Congestion Revenue Right (PCRR) Nomination Year

The calendar year that is two years after the year containing a PCRR nomination process.

Premise

A Service Delivery Point or combination of Service Delivery Points that is assigned a single ESI ID for Settlement and registration.

Presidio Exception

The losses associated with keeping the 69 kV line from the Gonzales substation to the ERCOT BLT Point at Presidio constantly energized in order to maintain connectivity and allow for rapid response to contingencies impacting the reliability for Customers in the Presidio area when there is no BLT of Load from the ERCOT Control Area to a non-ERCOT Control Area. The TDSP responsible for the Presidio BLT Point metering shall witness and maintain records of meter verification no less than every four years.

Primary Frequency Response

The instantaneous proportional increase or decrease in real power output provided by a Resource and the natural real power dampening response provided by Load in response to system frequency deviations. This response is in the direction that stabilizes frequency.

Prior Agreement

Any previous Agreement between an Entity, its Affiliate, or its predecessor in interest and ERCOT about performance under the ERCOT Protocols.

Private Use Network

An electric network connected to the ERCOT Transmission Grid that contains Load that is not directly metered by ERCOT (i.e., Load that is typically netted with internal generation).

Program Administrator

The Entity approved by the PUCT that is responsible for carrying out the administrative responsibilities for the Renewable Energy Credit Program as set forth in P.U.C. SUBST. R. 25.173.

[NPRR484: Insert the following definition "Prompt Month" upon system implementation:]

Prompt Month

The Prompt Month is the calendar month immediately following the current operating month. For example, if the current operating month is September, October is the Prompt Month.

Protected Information

Information protected from disclosure as described in Section 1, Overview.

Provider of Last Resort (POLR)

The designated CR as defined in the P.U.C. SUBST. R. 25.43, Provider of Last Resort (POLR), for default Customer service, and as further described in Section 15.1, Customer Switch of Competitive Retailer.

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Qualified Scheduling Entity (QSE)

A Market Participant that is qualified by ERCOT in accordance with Section 16, Registration and Qualification of Market Participants, for communication with ERCOT for Resource Entities and LSEs and for settling payments and charges with ERCOT.

Master Qualified Scheduling Entity (QSE)

A QSE designated by Resource Entities owning or controlling a Generation Resource that has been split into two or more Split Generation Resources as set forth in Section 3.8.1, Split

Generation Resources, that provides ERCOT data and dispatch on total Generation Resource basis in accordance with the Protocols.

Qualified Scheduling Entity (QSE) Clawback Interval

Any QSE-Committed Interval that is part of a contiguous block that includes at least one RUC-Committed Hour unless it is:

(a) QSE-committed in the COP and Trades Snapshot before the first RUC instruction for any RUC-Committed Hour in that contiguous block; or

(b) Part of a contiguous block of a QSE-Committed Intervals, at least one of which was committed by the QSE in the COP and Trades Snapshot before the RUC instruction described in paragraph (a) above.

[NPRR416: Replace the above definition "Qualified Scheduling Entity (QSE) Clawback Interval" with the following upon system implementation:]

Qualified Scheduling Entity (QSE) Clawback Interval

Any QSE-Committed Interval that is part of a contiguous block that includes at least one RUC-Committed Hour unless it is:

(a) QSE-committed in the COP and Trades Snapshot before the first RUC instruction for any RUC-Committed Hour in that contiguous block;

(b) Part of a contiguous block of a QSE-Committed Intervals, at least one of which was committed by the QSE in the COP and Trades Snapshot before the RUC instruction described in paragraph (a) above; or

(c) Part of a contiguous block of QSE-Committed Intervals, at least one of which is a RUC Buy-Back Hour.

Qualified Scheduling Entity (QSE)-Committed Interval

A Settlement Interval for which the QSE for a Resource has committed the Resource without a RUC instruction to commit it.

Qualifying Facility (QF)

A qualifying small power production facility or qualifying cogeneration facility under regulatory qualification criteria as defined in 16 U.S.C.A. § 796(17)(C) and (18)(B).

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Rating

Conductor/Transformer 2-Hour Rating

The two-hour MVA rating of the conductor or transformer only, excluding substation terminal equipment in series with a conductor or transformer, at the applicable ambient temperature. The conductor or transformer can operate at this rating for two hours without violation of National Electrical Safety Code (NESC) clearances or equipment failure.

Emergency Rating

The two-hour MVA rating of a Transmission Element, including substation terminal equipment in series with a conductor or transformer, at the applicable ambient temperature. The Transmission Element can operate at this rating for two hours without violation of NESC clearances or equipment failure.

15-Minute Rating

The 15-minute MVA rating of a Transmission Element, including substation terminal equipment in series with a conductor or transformer, at the applicable ambient temperature and with a step increase from a prior loading up to 90% of the Normal Rating. The Transmission Element can operate at this rating for 15 minutes, assuming its pre-contingency loading up to 90% of the Normal Rating limit at the applicable ambient temperature, without violation of NESC clearances or equipment failure. This rating takes advantage of the time delay associated with heating of a conductor or transformer following a sudden increase in current.

Normal Rating

The continuous MVA rating of a Transmission Element, including substation terminal equipment in series with a conductor or transformer, at the applicable ambient temperature. The Transmission Element can operate at this rating indefinitely without damage, or violation of NESC clearances.

Reactive Power

The product of voltage and the out-of-phase component of alternating current. Reactive Power, usually measured in MVAr, is produced by capacitors, overexcited generators and other capacitive devices and is absorbed by reactors, under-excited generators and other inductive devices.

Real-Time

The current instant in time.

[NPRR555: Insert the following definition "Real-Time Market (RTM) Energy Bid" upon system implementation:]

Real-Time Market (RTM) Energy Bid

A proposal to buy energy in the RTM at a monotonically non-increasing price with increasing quantity.

Real-Time Market (RTM) Final Statement (*see* Settlement Statement)

Real-Time Market (RTM) Initial Statement (*see* Settlement Statement)

Real-Time Market (RTM) Resettlement Statement (*see* Settlement Statement)

Real-Time Market (RTM) True-Up Statement (*see* Settlement Statement)

Redacted Network Operations Model

A version of the Network Operations Model, redacted to exclude Private Use Network Load data and the following defined Resource Parameters as applicable:

(a) Normal Ramp Rate curve;

(b) Emergency Ramp Rate curve;

(c) Minimum On-Line time;

(d) Minimum Off-Line time;

(e) Hot start time;

(f) Intermediate start time;

(g) Cold start time;

(h) Maximum weekly starts;

(i) Maximum On-Line time;

(j) Maximum daily starts;

(k) Maximum weekly energy;

(l) Hot-to-intermediate time;

(m) Intermediate-to-cold time;

(n) Minimum interruption time;

(o) Minimum restoration time;

(p) Maximum weekly deployments;

(q) Maximum interruption time;

(r) Maximum daily deployments;

(s) Minimum notice time; and

(t) Maximum deployment time.

Regional Planning Group (RPG) Project Review

The evaluation of a proposed transmission project pursuant to the process described in Section 3.11.4, Regional Planning Group Project Review Process.

Regulation Down Service (Reg-Down) (*see* Regulation Service)

Regulation Service

An Ancillary Service that consists of either Regulation Down Service (Reg-Down) or Regulation Up Service (Reg-Up).

Regulation Down Service (Reg-Down)

An Ancillary Service that provides capacity that can respond to signals from ERCOT within three to five seconds to respond to changes in system frequency. Such capacity is the amount available below any Base Point but above the LSL of a Generation Resource and may be called on to change output as necessary throughout the range of capacity available to maintain proper system frequency. A Load Resource providing Reg-Down must be able to increase and decrease Load as deployed within its Ancillary Service Schedule for Reg-Down below the Load Resource's MPC limit.

Regulation Up Service (Reg-Up)

An Ancillary Service that provides capacity that can respond to signals from ERCOT within three to five seconds to respond to changes in system frequency. Such capacity is the amount available above any Base Point but below the HSL of a Generation Resource and may be called on to change output as necessary throughout the range of capacity available to maintain proper system frequency. A Load Resource providing Reg-Up must be able to increase and decrease Load as deployed within its Ancillary Service Schedule for Reg-Up above the Load Resource's LPC limit.

Regulation Up Service (Reg-Up) (*see* Regulation Service)

Reliability Must-Run (RMR) Service

An Ancillary Service provided from an RMR Unit under an Agreement with ERCOT.

Reliability Must-Run (RMR) Unit

A Generation Resource operated under the terms of an Agreement with ERCOT that would not otherwise be operated except that it is necessary to provide voltage support, stability or management of localized transmission constraints under first contingency criteria where market solutions do not exist.

Reliability Unit Commitment (RUC)

A process to ensure that there is adequate Resource capacity and Ancillary Service capacity committed in the proper locations to serve ERCOT forecasted Load.

Reliability Unit Commitment (RUC) Buy-Back Hour

An Operating Hour for which a QSE with a Resource that is not an RMR Unit that has been committed to come On-Line by a RUC process or Verbal Dispatch Instruction (VDI) may choose, at its sole discretion, to self-commit that Resource in lieu of the RUC instruction or VDI.

Reliability Unit Commitment (RUC) Cancellation

An ERCOT instruction, prior to breaker close, to cancel a previously issued RUC instruction.

Reliability Unit Commitment (RUC)-Committed Hour

An Operating Hour for which a RUC has committed a Resource to be On-Line and the QSE has not designated a RUC Buy-Back Hour.

Reliability Unit Commitment (RUC)-Committed Interval

A Settlement Interval for which there is a RUC instruction to commit a Resource.

[NPRR207: Insert the following definition "Reliability Unit Commitment (RUC) Notification" upon system implementation:]

Reliability Unit Commitment (RUC) Notification

An ERCOT notification for specified Operating Hour(s), taking into account a Generation Resource's start-up time, indicating that the Resource was recommended but deselected in the RUC process.

Reliability Unit Commitment (RUC) Study Period

As defined under Section 5.1, Introduction.

Remedial Action Plan (RAP)

A set of pre-defined actions to be taken to relieve transmission security violations (normally post-contingency overloads or voltage violations) that are sufficiently dependable to assume they can be executed without loss of reliability to the interconnected network. These plans may be relied upon in allowing additional market use of the transmission system. RAPs may include controllable Load shedding by dispatcher or ERCOT action.

Renewable Energy Credit (REC)

A tradable instrument that represents all of the renewable attributes associated with one MWh of production from a certified renewable generator.

Renewable Energy Credit (REC) Account

An account maintained by ERCOT for the purpose of tracking the production, sale, transfer, purchase, and retirement of RECs or Compliance Premiums by a REC Account Holder.

Renewable Energy Credit (REC) Account Holder

An Entity registered with ERCOT to participate in the REC Trading Program.

Renewable Energy Credit (REC) Trading Program

The Renewable Energy Credit Trading program, as described in Section 14, State of Texas Renewable Energy Credit Trading Program, and P.U.C. SUBST. R. 25.173, Goal for Renewable Energy.

Renewable Portfolio Standard (RPS)

The amount of capacity required to meet the requirements of Public Utility Regulatory Act (PURA), TEX. UTIL. CODE ANN. § 39.904 (Vernon 1998 & Supp. 2007) and P.U.C. SUBST. R. 25.173(h).

Renewable Production Potential (RPP)

The maximum generation in MWh per interval from an Intermittent Renewable Resource (IRR) that could be generated from all available units of that Resource. The RPP depends on the renewable energy that can be generated from the available units (wind, solar radiation, or run-of-river water supply), current environmental conditions and the energy conversion characteristics of each unit.

Repowered Facility

An existing facility that has been modernized or upgraded to use renewable energy technology to produce electricity consistent with P.U.C. SUBST. R. 25.173, Goal for Renewable Energy.

Reserve Discount Factor (RDF)

A representation of the average amount of system-wide capability that, for whatever reason, is historically undeliverable during periods of high system demand. The RDF will be verified by ERCOT and then approved by the Reliability and Operations Subcommittee (ROS).

Resource

The term is used to refer to both a Generation Resource and a Load Resource. The term "Resource" used by itself in these Protocols does not include a Non-Modeled Generator or an ERS Resource.

All-Inclusive Generation Resource

A term used to refer to both a Generation Resource and a Non-Modeled Generator.

All-Inclusive Resource

A term used to refer to a Generation Resource, Load Resource and a Non-Modeled Generator.

Dynamically Scheduled Resource (DSR)

A Resource that has been designated by the QSE, and approved by ERCOT, as a DSR status-type and that follows a DSR Load.

Generation Resource

A generator capable of providing energy or Ancillary Service to the ERCOT System and is registered with ERCOT as a Generation Resource. The term "Generation Resource" used by itself in these Protocols does not include a Non-Modeled Generator.

Aggregate Generation Resource (AGR)

A Generation Resource that is an aggregation of non-wind generators, each of which is less than 10 MW in output, which share identical operational characteristics and are interconnected at the same POI and located behind the same Generator Step-Up (GSU) transformer (with a high-side voltage greater than 60 kV).

Black Start Resource

A Generation Resource under contract with ERCOT to provide BSS.

Combined Cycle Train

The combinations of gas turbines and steam turbines in an electric generation plant that employs more than one thermodynamic cycle. For example, a Combined Cycle Train refers to the combination of gas turbine generators (operating on the Brayton Cycle) with turbine exhaust waste heat boilers and steam turbine generators (operating on the Rankin Cycle) for the production of electric power. In the ERCOT market, Combined Cycle Trains are each registered as a plant that can operate as a Generation Resource in one or more Combined Cycle Generation Resource configurations.

Combined Cycle Generation Resource

A specified configuration of physical Generation Resources (gas and steam turbines), with a distinct set of operating parameters and physical constraints, in a Combined Cycle Train registered with ERCOT.

Decommissioned Generation Resource

A Generation Resource for which a Generation Entity has submitted a Notification of Suspension of Operations, for which ERCOT has declined to execute an RMR Agreement, and for which the Generation Entity has announced decommissioning and retirement of the Generation Resource.

[NPRR493: Insert the following definition "Half-Hour Start Unit" upon system implementation:]

Half-Hour Start Unit

A Generation Resource that in its cold-temperature state can deliver energy at its LSL within 30 minutes of receiving ERCOT notice.

Intermittent Renewable Resource (IRR)

A Generation Resource that can only produce energy from variable, uncontrollable Resources, such as wind, solar, or run-of-the-river hydroelectricity.

Mothballed Generation Resource

A Generation Resource for which a Generation Entity has submitted a Notification of Suspension of Operations, for which ERCOT has declined to execute an RMR Agreement, and for which the Generation Entity has not announced decommissioning and retirement of the Generation Resource.

Quick Start Generation Resource (QSGR)

A Generation Resource that in its cold-temperature state can come On-Line within ten minutes of receiving ERCOT notice and has passed an ERCOT QSGR test that establishes an amount of capacity that can be deployed within a ten-minute period.

Split Generation Resource

Where a Generation Resource has been split to function as two or more independent Generation Resources in accordance with Section 10.3.2.1, Generation Resource Meter Splitting, and Section 3.10.7.2, Modeling of Resources and Transmission Loads, each such functionality independent Generation Reource is a Split Generation Resource.

Switchable Generation Resource

A Generation Resource that can be connected to either the ERCOT Transmission Grid or a non-ERCOT Control Area.

Wind-powered Generation Resource (WGR)

A Generation Resource that is powered by wind. Wind turbines may be aggregated together to form a WGR if each turbine is the same model and size and located behind the same GSU transformer.

[NPRR425: Replace the above definition "Wind-powered Generation Resource (WGR)" with the following upon implementation of a manual workaround:]

Wind-powered Generation Resource (WGR)

A Generation Resource that is powered by wind. Wind turbines may be aggregated together to form a WGR as set forth in paragraph (9) of Section 3.10.7.2, Modeling of Resources and Tranmission Loads.

Wind-powered Generation Resource (WGR) Group

A group of two or more WGRs whose performance in responding to SCED Dispatch Instructions will be assessed as an aggregate for Generation Resource Energy Deployment Performance (GREDP). A WGR Group cannot contain any WGRs that are Split Generation Resources. Additionally, only WGRs that have the same Resource Node can be mapped to a WGR Group. Resource Entities can choose to group WGRs and shall provide the grouping information in a timely manner for ERCOT review prior to the scheduled database loads.

[NPRR425: Replace the above definition "Wind-powered Generation Resource (WGR) Group" with the following upon system implementation:]

Wind-powered Generation Resource (WGR) Group

A group of two or more WGRs whose performance in responding to SCED Dispatch Instructions will be assessed as an aggregate for Generation Resource Energy Deployment Performance (GREDP) and Base Point Deviation. A WGR Group cannot contain any WGRs that are Split Generation Resources. Additionally, only WGRs that have the same Resource Node can be mapped to a WGR Group. Resource Entities can choose to group WGRs and shall provide the grouping information in a timely manner for ERCOT review prior to the scheduled database loads.

Load Resource

A Load capable of providing Ancillary Service to the ERCOT System and registered with ERCOT as a Load Resource.

[NPRR555: Replace the above definition "Load Resource" with the following upon system implementation:]

Load Resource

A Load capable of providing Ancillary Service to the ERCOT System and/or energy in the form of Demand response and registered with ERCOT as a Load Resource.

[NPRR555: Insert the following definition "Aggregate Load Resource (ALR)" upon system implementation:]

Aggregate Load Resource (ALR)

A Load Resource that is an aggregation of individual metered sites, each of which has less than ten MW of Demand response capability and all of which are located within a single Load Zone.

Controllable Load Resource

A Load Resource capable of controllably reducing or increasing consumption under dispatch control (similar to Automatic Generation Control (AGC)) and provides Primary Frequency Response.

[NPRR555: Replace the above definition "Controllable Load Resource" with the following upon system implementation:]

Controllable Load Resource

A Load Resource capable of controllably reducing or increasing consumption under dispatch control by ERCOT.

Non-Modeled Generator

A generator that is:

(a) Capable of providing net output of energy to the ERCOT System;

(b) Ten MW or less in size; or greater than ten MW and registered with the PUCT according to P.U.C. SUBST. R. 25.109, Registration of Power Generation Companies and Self-Generators, as a self-generator; and

(c) Registered with ERCOT as a Non-Modeled Generator, which means that the generator may not participate in the Ancillary Service or energy markets, RUC, or SCED.

Resource Category

The generation technology category designated for a Generation Resource in its Resource registration documentation.

Resource Entity

An Entity that owns or controls an All-Inclusive Resource and is registered with ERCOT as a Resource Entity.

Resource ID (RID)

A unique identifier assigned to each Resource used in the registration and Settlements systems managed by ERCOT.

Resource Node

Either a logical construct that creates a virtual pricing point required to model a Combined-Cycle Configuration or an Electrical Bus defined in the Network Operations Model, at which a Generation Resource's Settlement Point Price or WSL's Settlement Point Price is calculated and used in Settlement. All Resource Nodes shall be identified in accordance with the document titled "Procedure for Identifying Resource Nodes," which shall be approved by the appropriate TAC subcommittee and posted to the MIS Public Area. For a Generation Resource that is connected to the ERCOT Transmission Grid only by one or more radial transmission lines that all originate at the Generation Resource and terminate in a single substation switchyard, the Resource Node is an Electrical Bus in that substation. For all other Generation Resources, the Resource Node is the Generation Resource's side of the Electrical Bus at which the Generation Resource is connected to the ERCOT Transmission Grid.

Resource Parameter

A registered Resource-specific parameters required for use in ERCOT business processes.

Resource Status

The operational state of a Resource as provided in Section 3.9, Current Operating Plan (COP).

Responsive Reserve (RRS)

An Ancillary Service that provides operating reserves that is intended to:

(a) Arrest frequency decay within the first few seconds of a significant frequency deviation on the ERCOT Transmission Grid using Primary Frequency Response and interruptible Load;

(b) After the first few seconds of a significant frequency deviation, help restore frequency to its scheduled value to return the system to normal;

(c) Provide energy or continued Load interruption during the implementation of the EEA; and

(d) Provide backup regulation.

Retail Business Day (*see* Business Day)

Retail Business Hour

Any hour within a Retail Business Day.

Retail Electric Provider (REP)

As defined in P.U.C. SUBST. R. 25.5, Definitions, an Entity that sells electric energy to retail Customers in Texas but does not own or operate generation assets and is not an MOU or EC.

Retail Entity

An MOU, generation and transmission cooperative or distribution cooperative that offers Customer Choice; REP; or IOU that has not unbundled pursuant to Public Utility Regulatory Act (PURA), TEX. UTIL. CODE ANN. § 39.051 (Vernon 1998 & Supp. 2007).

Revenue Quality Meter

For EPS Meters, a meter that complies with the Protocols and the Settlement Metering Operating Guide. For TSP- or DSP-metered Entities, a meter that complies with Governmental Authority-approved meter standards, or the Protocols and the Operating Guides.

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Sampling

The process of selecting a subset of a population of Customers that statistically represents the entire population.

Scheduled Power Consumption

Expected Load, in MW, reported by a QSE for a Controllable Load Resource pursuant to Section 6.5.5.2, Operational Data Requirements.

Scheduled Power Consumption Snapshot

A snapshot, taken by ERCOT, of the Scheduled Power Consumption provided by the QSE for a Controllable Load Resource at the end of the adjustment period and used in determining the Controllable Load Resource Desired Load.

Season or Seasonal

Winter months are December, January, and February; Spring months are March, April, and May; Summer months are June, July, and August; Fall months are September, October, and November.

Seasonal Operation Period

The period in which a Generaiton Resource has identified it is available for operation.

Security-Constrained Economic Dispatch (SCED)

The determination of desirable Generation Resource output levels using Energy Offer Curves while considering State Estimator (SE) output for Load at transmission-level Electrical Buses, Generation Resource limits, and transmission limits to provide the least offer-based cost dispatch of the ERCOT System.

Self-Arranged Ancillary Service Quantity

The portion of its Ancillary Service Obligation that a QSE secures for itself using Resources represented by that QSE and Ancillary Service Trades.

Self-Schedule

Information for Real-Time Settlement purposes that specifies the amount of energy supply at a specified source Settlement Point used to meet an energy obligation at a specified sink Settlement Point for the QSE submitting the information.

Service Address

The street address associated with an ESI ID as recorded in the Customer Registration Database. This address shall conform to United States Postal Service Publication 28.

Service Delivery Point

The specific point on the system where electricity flows from the TSP or DSP to a Customer.

Settlement

The process used to resolve financial obligations between a Market Participant and ERCOT.

Settlement Calendar

A calendar that provides information on when Settlement Statements and Invoices shall be posted, payment due dates, and dispute deadlines. Additional information is provided in Section 9.1.2, Settlement Calendar.

Settlement Interval

The time period for which markets are settled.

Settlement Invoice

A notice for payment or credit due rendered by ERCOT based on data contained in Settlement Statements.

Settlement Meter

Generation and end-use consumption meters used for allocation of ERCOT charges and wholesale and retail Settlements.

Settlement Point

A Resource Node, Load Zone, or Hub.

Settlement Point Price

A price calculated for a Settlement Point for each Settlement Interval using LMP data and the formulas detailed in Section 4.6, DAM Settlement, and Section 6.6, Settlement Calculations for the Real-Time Energy Operations.

Settlement Quality Meter Data

Data that has been edited, validated, and is appropriate for ERCOT to use for Settlement and billing purposes.

Settlement Statement

A statement issued by ERCOT reflecting a breakdown of administrative, miscellaneous, and market charges for the applicable market services, as further described in Section 9.2, Settlement Statements for the Day-Ahead Market, and Section 9.5, Settlement Statements for Real-Time Market.

Day-Ahead Market (DAM) Resettlement Statement

The Settlement Statement issued for a particular DAM using corrected Settlement data, in accordance with Section 9.2.5, DAM Resettlement Statement.

Day-Ahead Market (DAM) Statement

The Settlement Statement issued for a particular DAM, as further described in Section 9.2.4, DAM Statement.

Real-Time Market (RTM) Final Statement

The RTM Settlement Statement issued at the end of the 57th day following the Operating Day, as described in Section 9.5.5, RTM Final Statement.

Real-Time Market (RTM) Initial Statement

The first iteration of an RTM Settlement Statement issued for a particular Operating Day, as further described in Section 9.5.4, RTM Initial Statement.

Real-Time Market (RTM) Resettlement Statement

The RTM Settlement Statement using corrected Settlement data, in accordance with Section 9.5.6, RTM Resettlement Statement.

Real-Time Market (RTM) True-Up Statement

The RTM Settlement Statement issued 180 days following the Operating Day, as further described in Section 9.5.8, RTM True-Up Statement.

Shadow Price

A price for a commodity that measures the marginal value of this commodity; that is, the rate at which system costs could be decreased or increased by slightly increasing or decreasing, respectively, the amount of the commodity being made available.

Shift Factor

A measure of the flow on a particular Transmission Element due to a unit injection of power from a particular Electrical Bus to a fixed reference Electrical Bus.

Short-Term Wind Power Forecast (STWPF)

An ERCOT produced hourly 50% probability of exceedance forecast of the generation in MWh per hour from each Wind-powered Generation Resource (WGR) that could be generated from all available units of that Resource.

Simple Transmission Outage (*see* Outage)

Special Protection Systems (SPS)

A set of automatic actions to be taken to relieve transmission security violations (normally post-contingency overloads or voltage violations) that are sufficiently dependable to assume they can be executed without loss of reliability to the interconnected network.

Split Generation Resource (*see* Resource)

Startup Cost

All costs incurred by a Generation Resource in starting up and reaching LSL, minus the average energy produced during the time period between breaker close and LSL multiplied by a heat rate proxy “H” multiplied by the appropriate FIP, FOP, or $1.50 per MMBtu, as applicable and as described in the Verifiable Cost Manual. The Startup Cost is in dollars per start.

Startup Loading Failure

An event that results when a Generation Resource is unable to operate at Low Sustained Limit (LSL) at the time scheduled in the Current Operating Plan (COP) which occurs while the unit is ramping up to its scheduled MW output. A Startup Loading Failure ends when the Resource:

(a) Achieves its LSL;

(b) Is scheduled to go Off-Line; or

(c) Enters a Forced Outage.

Startup Offer

An offer for all costs incurred by a Generation Resource in starting up and reaching LSL, minus the average energy produced during the time period between breaker close and LSL multiplied by a heat rate proxy "H" multiplied by the appropriate FIP or FOP. The Startup Cost is in dollars per start.

State Estimator (SE)

A computational algorithm that uses Real-Time inputs from the network's Supervisory Control and Data Acquisition (SCADA) system that measure the network's electrical parameters, including its topology, voltage, power flows, etc., to estimate electrical parameters (such as line flows and Electrical Bus voltages and Loads) in the ERCOT Transmission Grid. The SE's output is a description of the network and all of the values (topology, voltage, power flow, etc.) to describe each Electrical Bus and line included in the system model.

State Estimator (SE) Bus

An electrical node of common voltage at a substation that consists of one or more Electrical Buses tied together with closed breakers or switches.

Sustained Response Period

The period of time beginning ten minutes after ERCOT's issuance of a Verbal Dispatch Instruction (VDI) deploying ERS and ending with ERCOT's issuance of a VDI releasing ERS Resources from the deployment.

Switch Request

A request submitted by a CR on behalf of a Customer to switch service from the Customer's current CR to the requesting CR.

Switchable Generation Resource (*see* Resource)

Synchronous Condenser Unit

A unit operated under the terms of an annual Agreement with ERCOT that is only capable of supplying Volt-Amperes reactive (VArs) that would not otherwise be operated except that it is necessary to provide voltage support under first contingency criteria.

[NPRR492: Insert the following definition "System Lambda" upon system implementation:]

System Lambda

The cost of providing one MWh of energy at the reference Electrical Bus, i.e. the Shadow Price for the power balance constraint, which is equal to the change in the objective function obtained by relaxing the power balance constraint by one MW. The System Lambda is the energy component of LMP at each Settlement Point in ERCOT.

System Operator

An Entity that supervises the collective Transmission Facilities of a power region. This Entity is charged with coordination of market transactions, system-wide transmission planning, and network reliability.

System-Wide Offer Cap (SWCAP)

The SWCAP shall be determined in accordance with PUCT Substantive Rules.

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TSP and DSP Metered Entity

An Entity that meets the requirements of Section 10.2.2, TSP and DSP Metered Entities.

Texas Nodal Market Implementation Date

The date on which ERCOT starts operation of the Texas Nodal Market in compliance with the rules and orders of the PUCT. Once this date is determined, ERCOT shall post it on the ERCOT website and maintain it on either the ERCOT website or the MIS Public Area.

Texas Standard Electronic Transaction (TX SET)

The procedure used to transmit information pertaining to the Customer Registration Database, as set forth in Section 19, Texas Standard Electronic Transaction. Record and data element definitions are provided in the data dictionary in Section 19.

Three-Part Supply Offer

An offer made by a QSE for a Generation Resource that it represents containing three components: a Startup Offer, a Minimum-Energy Offer, and an Energy Offer Curve.

Time Of Use (TOU) Meter

A programmable electronic device capable of measuring and recording electric energy in pre-specified time periods. For Load Profiling purposes TOU Metering does not include IDRs.

Time Of Use Schedule (TOUS)

A schedule identifying the Time Of Use period associated with each Settlement Interval. These schedules may include on-peak, off-peak, and shoulder periods.

Transmission Access Service

The use of a TSP's Transmission Facilities for which the TSP is allowed to charge through tariff rates approved by the PUCT.

Transmission and/or Distribution Service Provider (TDSP)

An Entity that is a TSP, a DSP or both, or an Entity that has been selected to own and operate Transmission Facilities and has a PUCT approved code of conduct in accordance with P.U.C. SUBST. R. 25.272, Code of Conduct for Electric Utilities and Their Affiliates.

Transmission Element

A physical Transmission Facility that is either an Electrical Bus, line, transformer, generator, Load, breaker, switch, capacitor, reactor, phase shifter, or other similar device that is part of the ERCOT Transmission Grid and defined in the ERCOT Network Operations Model.

Transmission Facilities

(1) Power lines, substations, and associated facilities, operated at 60 kV or above, including radial lines operated at or above 60 kV;

(2) Substation facilities on the high voltage side of the transformer, in a substation where power is transformed from a voltage higher than 60 kV to a voltage lower than 60 kV or is transformed from a voltage lower than 60 kV to a voltage higher than 60 kV; and

(3) The direct current interconnections between ERCOT and the Southwest Power Pool or Comision Federal de Electricidad (CFE).

Transmission Loss Factor (TLF)

The fraction of ERCOT Load (forecast or actual) that is considered to constitute the ERCOT Transmission Grid losses in a Settlement Interval, based on a linear interpolation (or extrapolation) of the calculated losses in the off-peak and on-peak seasonal ERCOT base cases.

Transmission Losses

The difference between energy put into the ERCOT Transmission Grid and energy taken out of the ERCOT Transmission Grid.

Transmission Service

The commercial use of Transmission Facilities.

Transmission Service Provider (TSP)

An Entity under the jurisdiction of the PUCT that owns or operates Transmission Facilities used for the transmission of electricity and provides Transmission Service in the ERCOT Transmission Grid.

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Unaccounted for Energy (UFE)

The difference between total Load for each Settlement Interval, adjusted for applicable Distribution Losses and Transmission Losses, and total ERCOT generation.

Unit Reactive Limit (URL)

The maximum quantity of Reactive Power that a Generation Resource is capable of providing at a 0.95 power factor at its maximum real power capability.

Updated Desired Base Point

A calculated MW value representing the expected MW output of a Generation Resource ramping to a Base Point.

Updated Network Model

A computerized representation of the ERCOT physical network topology, including some Resource Parameters, all of which replicates the forecasted or current network topology of the ERCOT System needed by ERCOT to perform its functions.

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Verbal Dispatch Instruction (VDI)

A Dispatch Instruction issued orally.

Voltage Profile

The normally desired predetermined distribution of desired nominal voltage set points across the ERCOT System.

Voltage Support Service (VSS)

An Ancillary Service that is required to maintain transmission and distribution voltages on the ERCOT Transmission Grid within acceptable limits.

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Watch

The third of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition, detailed in Section 6.5.9, Emergency Operations.

Weather Zone

A geographic region designated by ERCOT in which climatological characteristics are similar for all areas within such region.

Weekly Reliability Unit Commitment (WRUC)

An instruction issued by ERCOT prior to 1330 in the Day-Ahead for an Operating Day that reserves a Generation Resource that requires a longer lead time for startup than possible from the DRUC.

Wholesale Customer

A NOIE receiving service at wholesale points of delivery from an LSE other than itself.

Wholesale Storage Load (WSL) (*see* Load)

Wind-powered Generation Resource (WGR) (*see* Resource)

Wind-powered Generation Resource Production Potential (WGRPP)

The generation in MWh per hour from a WGR that could be generated from all available units of that Resource allocated from the 80% probability of exceedance of the Total ERCOT Wind Power Forecast (TEWPF).

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2.2 ACRONYMS AND ABBREVIATIONS

4-CP	4-Coincident Peak
AAA	American Aribtration Association
ACE	Area Control Error
ACH	Automated Clearing House

ACL	Available Credit Limit
ADR	Alternative Dispute Resolution
AEIC	Association of Edison Illuminating Companies
AGC	Automatic Generation Control
AGR	Aggregate Generation Resource
AIL	Aggregate Incremental Liability
ALA	Applicable Legal Authority
ALR	Aggregate Load Resource
AML	Adjusted Metered Load
AMS	Advanced Metering System
ANSI ASC X12	American National Standards Institute Accredited Standards Committee X12
AREP	Affiliated Retail Electric Provider
ARR	Adjusted RPS Requirement
AVR	Automatic Voltage Regulator
BLT	Block Load Transfer
BSS	Black Start Service
CAO	Control Area Operator
CARD	CRR Auction Revenue Distribution
CCD+	Cash Concentration and Disbursement Plus
CCF	Capacity Conversion Factor
CCN	Certificate of Convenience and Necessity
CCT	Constraint Competitiveness Test
CEII	Critical Energy Infrastructure Information
CEO	Chief Executive Officer
CFE	Comision Federal de Electricidad
CFTC	Commodity Futures Trading Commission
CIM	Common Information Model
CMLTD	Current Maturities of Long-Term Debt
CMZ	Congestion Management Zone
COP	Current Operating Plan
COPS	Commercial Operations Subcommittee
CPS	Control Performance Standard
CPT	Central Prevailing Time
CR	Competitive Retailer
CRR	Congestion Revenue Right
CRRBA	Congestion Revenue Right Balancing Account
CSA	Continuous Service Agreement
CSV	Comma Separated Value
CTX	Corporate Trade Exchange
DAM	Day-Ahead Market
DAS	Data Aggregation System
DASPP	Day-Ahead Settlement Point Price

DC	Direct Current
DC Tie	Direct Current Tie
DG	Distributed Generation
DLC	Direct Load Control
DLF	Distribution Loss Factor
DRG	Distributed Renewable Generation
DRUC	Day-Ahead Reliability Unit Commitment
DSC	Debt Service Coverage
DSP	Distribution Service Provider
DSR	Dynamically Scheduled Resource
DUNS	Data Universal Numbering System
DUNS #	DUNS Number
e-Tag	Electronic Tag
EAF	Equivalent Availability Factor
EAL	Estimated Aggregate Liability
EC	Electric Cooperative
ECI	Element Competitiveness Index
EDI	Electronic Data Interchange
EEA	Energy Emergency Alert
EFT	Electronic Funds Transfer
EMMS	Energy and Market Management System
EMS	Energy Management System
EPRI	Electric Power Research Institute
EPS	ERCOT-Polled Settlement
ERCOT	Electric Reliability Council of Texas, Inc.
ERCOT Board	The Board of Directors of the Electric Reliability Council of Texas, Inc.
ERS	Emergency Response Service
ESI ID	Electric Service Identifier
F&A	Finance and Audit
FASD	First Available Switch Date
FCE	Future Credit Exposure
Fed	Federal
FERC	Federal Energy Regulatory Commission
FGR	Flowgate Right
FIP	Fuel Index Price
FOP	Fuel Oil Price
FPA	Federal Power Act
FRR	Final RPS Requirement
GADS	Generation Availability Data System
GREDP	Generation Resource Energy Deployment Performance
GSU	Generator Step-Up
GTL	Generic Transmission Limit

HASL	High Ancillary Service Limit
HDL	High Dispatch Limit
HE	Hour Ending
HEL	High Emergency Limit
HRL	High Reasonability Limit
HRUC	Hourly Reliability Unit Commitment
HSL	High Sustained Limit
HWR	High Winter Ratio
Hz	Hertz
ICCP	Inter-Control Center Communications Protocol
IDR	Interval Data Recorder
IE	Interconnecting Entity
IEL	Initial Estimated Liability
IMM	Independent Market Monitor
IMRE	Independent Market Information System Registered Entity
IOU	Investor Owned Utility
IPM	Independent Power Marketer
IRR	Intermittent Renewable Resources
kV	Kilovolt
kVA	Kilovolt-Ampere
kVAr	Kilovolt-Ampere reactive
kVArh	Kilovolt-Ampere reactive hour
kW	Kilowatt
kWh	Kilowatt-Hour
LASL	Low Ancillary Service Limit
LDL	Low Dispatch Limit
LEL	Low Emergency Limit
LFC	Load Frequency Control
LMP	Locational Marginal Price
LPC	Low Power Consumption
LRL	Low Reasonability Limit
LRS	Load Ratio Share
LSE	Load Serving Entity
LSL	Low Sustained Limit
MAP	Mitigation Action Plan
MCPC	Market Clearing Price for Capacity
MDAS	Meter Data Acquisition System
MIS	Market Information System
MMBtu	Million British Thermal Units
MOU	Municipally Owned Utility
MPC	Maximum Power Consumption
MRA	Must-Run Alternative

MRE	Meter Reading Entity
MTLF	Mid-Term Load Forecast
MVA	Megavolt Ampere
MVAr	Mega Volt-Amperes reactive
MW	Megawatt
MWh	Megawatt Hour
NCI	Notice of Change of Information
NERC	North American Electric Reliability Corporation
NESC	National Electrical Safety Code
NIST	National Institute of Standards and Technology
NOIE	Non-Opt-In Entity
NOMCR	Network Operations Model Change Request
Non-Spin	Non-Spinning Reserve
NSA	Network Security Analysis
NWSIDR	Non-Weather Sensitive IDR
O&M	Operations and Maintenance
OCN	Operating Condition Notice
PCRR	Pre-Assigned Congestion Revenue Right
PNM	Peaker Net Margin
POLR	Provider of Last Resort
POC	Peaking Operating Cost
POI	Point of Interconnection
POS	Power Operating System
PRC	Physical Responsive Capability
PRM	Planning Reserve Margin
PRR	Protocol Revision Request
PRS	Protocol Revision Subcommittee
PSS	Power System Stabilizer
PTB	Price-to-Beat
PTP	Point-to-Point
PUCT	Public Utility Commission of Texas
PURA	Public Utility Regulatory Act, Title II, Texas Utility Code
PURPA	Public Utility Regulatory Policy Act
PV	PhotoVoltaic
PWG	Profiling Working Group
QF	Qualifying Facility
QSE	Qualified Scheduling Entity
QSGR	Quick Start Generation Resource
RAP	Remedial Action Plan
RDF	Reserve Discount Factor
REC	Renewable Energy Credit

Reg-Down	Regulation Down
Reg-Up	Regulation Up
REP	Retail Electric Provider
RID	Resource ID
RIDR	Representative IDR
RMR	Reliability Must-Run
RMS	Retail Market Subcommittee
ROS	Reliability and Operations Subcommittee
RPG	Regional Planning Group
RPP	Renewable Production Potential
RPS	Renewable Portfolio Standard
RRS	Responsive Reserve
RTEP	Real-Time Energy Price
RTM	Real-Time Market
RUC	Reliability Unit Commitment
SASM	Supplemental Ancillary Services Market
SCADA	Supervisory Control and Data Acquisition
SCED	Security-Constrained Economic Dispatch
SCUC	Security-Constrained Unit Commitment
SDRAMP	SCED Down Ramp Rate
SE	State Estimator
SFT	Simultaneous Feasibility Test
SGIA	Standard Generation Interconnection Agreement
SMOG	Settlement Metering Operating Guides
SPS	Special Protection Systems
SRR	Statewide RPS Requirement
STEC	South Texas Electric Cooperative
STLF	Short-Term Load Forecast
STWPF	Short-Term Wind Power Forecast
SURAMP	SCED Up Ramp Rate
SWCAP	System-Wide Offer Cap
T&D	Transmission and Distribution
TAC	Technical Advisory Committee
TDSP	Transmission and/or Distribution Service Provider
TDTWG	Texas Data Transport Working Group
TEWPF	Total ERCOT Wind Power Forecast
TIER	Times/Interest Earning Ratio
TLF	Transmission Loss Factor
TMTP	Texas Market Test Plan
TOU	Time Of Use
TOUS	Time Of Use Schedule
TPE	Total Potential Exposure
TSP	Transmission Service Provider
TTPT	Texas Test Plan Team

TUO	Total Usable Offset
TWC	Texas Water Code
TX SET	Texas Standard Electronic Transaction
UFE	Unaccounted For Energy
URL	Unit Reactive Limit
USA	User Security Administrator
USD	United States Dollar or U.S. Dollar
VAr	Volt-Ampere reactive
VDI	Verbal Dispatch Instruction
VEE	Validation, Editing and Estimating
VSS	Voltage Support Service
WAN	Wide Area Network
WGR	Wind-powered Generation Resource
WGRPP	Wind-powered Generation Resource Production Potential
WMS	Wholesale Market Subcommittee
WRUC	Weekly Reliability Unit Commitment
WSIDR	Weather Sensitive IDR
WSL	Wholesale Storage Load
XML	Extensible Markup Language

ERCOT Nodal Protocols

Section 3: Management Activities for the ERCOT System

October 21, 2013

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3 MANAGEMENT ACTIVITIES FOR THE ERCOT SYSTEM 3-1

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3 MANAGEMENT ACTIVITIES FOR THE ERCOT SYSTEM

This section focuses on the management activities, including Outage Coordination, Resource Adequacy, Load forecasting, transmission operations and planning, and contracts for Ancillary Services for the ERCOT System.

3.1 Outage Coordination

"Outage Coordination" is the management of Transmission Facilities Outages and Resource Outages in the ERCOT System. Facility owners are solely and directly responsible for the performance of all maintenance, repair, and construction work, whether on energized or de-energized facilities, including all activities related to providing a safe working environment.

3.1.1 Role of ERCOT

(1) ERCOT shall coordinate and use reasonable efforts, consistent with Good Utility Practice, to accept, approve or reject all Outage schedules for maintenance, repair, and construction of both Transmission Facilities and Resources within the ERCOT System. ERCOT may reject an Outage schedule under certain circumstances, as set forth in these Protocols.

(2) ERCOT's responsibilities with respect to Outage Coordination include:

(a) Approving or rejecting requests for Planned Outages and Maintenance Outages of Transmission Facilities for Transmission Service Providers (TSPs) in coordination with and based on information regarding all Entities' Planned Outages and Maintenance Outages;

(b) Assessing the adequacy of available Resources, based on planned and known Resource Outages, relative to forecasts of Load, Ancillary Service requirements, and reserve requirements;

(c) Coordinating and approving or rejecting schedules for Planned Outages of Resources scheduled to occur within 45 days after request;

(d) Coordinating and approving or rejecting schedules for Planned Outages of Reliability Must-Run (RMR) Units under the terms of the applicable RMR Agreements;

(e) Coordinating and approving or rejecting Outages associated with Black Start Resources under the applicable Black Start Unit Agreements;

(f) Reviewing and coordinating changes to existing 12-month Resource Outage plans to determine how changes will affect ERCOT System reliability, including Resource Outages not previously included in the Outage plan;

(g) Monitoring how Planned Outage schedules compare with actual Outages;

(h) Posting all proposed and approved schedules for Planned Outages and Maintenance Outages of Transmission Facilities on the Market Information System (MIS) Secure Area under Section 3.1.5.13, Transmission Report;

(i) Creating aggregated schedules of Planned Outages for Resources and posting those schedules on the MIS Secure Area under Section 3.2.3, System Adequacy Reports;

(j) Monitoring Transmission Facilities and Resource Forced Outages and Maintenance Outages of immediate nature and implementing responses to those Outages as provided in these Protocols;

(k) Establishing and implementing communication procedures:

(i) For a TSP to request approval of Transmission Facilities Planned Outage and Maintenance Outage schedules; and

(ii) For a Resource Entity's designated Single Point of Contact to submit Outage plans and to coordinate Resource Outages;

(l) Establishing and implementing record-keeping procedures for retaining all requested Planned Outages, Maintenance Outages, and Forced Outages;

(m) Planning and analyzing Transmission Facilities Outages; and

(n) Working with the appropriate Technical Advisory Committee (TAC) Subcommittee to develop procedures for characterizing a Simple Transmission Outage.

3.1.2 Planned Outage or Maintenance Outage Data Reporting

Each Resource Entity and Transmission Service Provider (TSP) shall use reasonable efforts, consistent with Good Utility Practice, to continually update its Outage Schedule. All information submitted about Planned Outages or Maintenance Outages must be submitted by the Resource Entity or the TSP under this Section. If an Outage Schedule for a Resource is also applicable to the Current Operating Plan (COP), the Qualified Scheduling Entity (QSE) responsible for the Resource shall also update the COP to provide the same information describing the Outage.

3.1.3 Rolling 12-Month Outage Planning and Update

3.1.3.1 Transmission Facilities

(1) Each TSP shall provide to ERCOT a Planned Outage or Maintenance Outage plan in an ERCOT-provided format for the next 12 months updated monthly. Planned Outage or Maintenance Outage scheduling data for Transmission Facilities must be kept current. Updates must identify all changes to any previously proposed Planned Outages or Maintenance Outages and any additional Planned Outages or Maintenance Outage anticipated over the next 12 months. ERCOT shall coordinate in-depth reviews of the 12-month plan with each TSP at least twice per year.

[NPRR219: Insert paragraph (2) upon system implementation:]

(2) ERCOT shall report statistics on how TSP Planned Outages compare with actual TSP Outages, post those statistics to the MIS Secure Area, and report those statistics to ERCOT subcommittees twice per year. However, to the extent Outages are required to repair or improve telemetry accuracy or failures, or to provide near-term solutions to Planning Criteria violations as described in Section 3.11.2, Planning Criteria, the Outage must not be counted against the TSP in its performance of planning Outages, because such Outages cannot reasonably be forecasted 12 months in advance.

3.1.3.2 Resources

(1) Each Resource Entity shall provide to ERCOT a Planned Outage and Maintenance Outage plan for Generation Resources in an ERCOT-provided format for the next 12 months updated monthly. Planned Outage and Maintenance Outage scheduling data must be kept current. Updates, through an electronic interface as specified by ERCOT, must identify any changes to previously proposed Planned Outages or Maintenance Outages and any additional Planned Outages or Maintenance Outages anticipated over the next 12 months.

(2) ERCOT shall report statistics monthly on how Resource Planned Outages compare with actual Resource Outages, and post those statistics to the MIS Secure Area.

3.1.4 Communications Regarding Resource and Transmission Facilities Outages

3.1.4.1 Single Point of Contact

(1) All communications concerning a Planned Outage or Maintenance Outage must be between ERCOT and the designated "Single Point of Contact" for each TSP or Resource Entity. All nonverbal communications concerning Planned Outages must be conveyed through an electronic interface as specified by ERCOT. The TSP or Resource Entity shall identify, in its initial request or response, the Single Point of Contact, with primary

and alternate means of communication. The Resource Entity or TSP shall submit a Notice of Change of Information (NCI) form when changes occur to a Single Point of Contact. This identification must be confirmed in all communications with ERCOT regarding Planned Outage or Maintenance Outage requests.

(2) The Single Point of Contact must be either a person or a position available seven days per week and 24 hours per day for each Resource Entity and TSP. The Resource Entity shall designate its QSE as its Single Point of Contact. The designated Single Point of Contact for a Generation Resource that has been split into two or more Split Generation Resources shall be the Master QSE. The Single Point of Contact for the TSP must be designated under the ERCOT Operating Guides.

3.1.4.2 Method of Communication

ERCOT, each TSP, and each Resource Entity shall communicate according to ERCOT procedures under these Protocols. All submissions, changes, approvals, rejections, and withdrawals regarding Outages must be processed through the ERCOT Outage Scheduler on the ERCOT programmatic interface, except for Forced Outages and Maintenance Level I Outages, which must be communicated to ERCOT immediately via the Current Operating Plan if submitted for a Resource and using the Outage Scheduler if submitted by a TSP. This does not prohibit any verbal communication when the situation warrants it. ERCOT shall develop guidelines for the types of events that may require verbal communication.

3.1.4.3 Reporting for Planned Outages and Maintenance Outages of Resource and Transmission Facilities

(1) Each Resource Entity and TSP shall submit information regarding proposed Planned Outages and Maintenance Outages of Transmission Facilities or Generation Resources under procedures adopted by ERCOT. The obligation to submit that information applies to each Resource Entity that is responsible to operate or maintain a Generation Resource that is part of or that affects the ERCOT System. The obligation to submit that information applies to each TSP or Resource Entity that is responsible to operate or maintain Transmission Facilities that are part of or affect the ERCOT System. A Resource Entity or TSP is also obligated to submit information for Transmission Facilities or Generation Resources that are not part of the ERCOT System or that do not affect the ERCOT System if that information is required for regional security coordination as determined by ERCOT.

(2) Before taking an RMR or Black Start Resource (“Reliability Resources”) out of service for a Planned Outage or Maintenance Outage, the Single Point of Contact for that Reliability Resource must obtain ERCOT’s approval of the schedule of the Planned Outage or Maintenance Outage. ERCOT shall review and approve or reject each proposed Planned Outage or Maintenance Outage Schedule under this Section and the applicable Agreements.

3.1.4.4 Management of Resource or Transmission Forced Outages or Maintenance Outages

(1) In the event of a Forced Outage, after the affected equipment is removed from service, the Resource Entity or QSE, as appropriate, or TSP must notify ERCOT as soon as practicable of its action by:

(a) For Resource Outages:

(i) Changing the telemetered Resource Status appropriately, including a text description when it becomes known, of the cause of the Forced Outage; and

(ii) Updating the COP; and

(iii) Updating the Outage Scheduler, if necessary.

(b) For Transmission Facilities Forced Outages:

(i) Changing the telemetered status of the affected Transmission Elements; and

(ii) Updating the Outage Scheduler with the expected return-to-service time.

(2) Forced Outages may require ERCOT to review and withdraw approval of previously approved or accepted, as applicable, Planned Outage or Maintenance Outage schedules to ensure reliability.

(3) For Maintenance Outages, the Resource Entity or QSE, as appropriate, or TSP shall notify ERCOT of any Resource or Transmission Facilities Maintenance Outage according to the Maintenance Outage Levels by updating the COP and Outage Scheduler. ERCOT shall coordinate the removal of facilities from service within the defined timeframes as specified by the TSP, QSE or Resource Entity in its notice to ERCOT.

(4) ERCOT may require supporting information describing Forced Outages and Maintenance Outages. ERCOT may reconsider and withdraw approvals of other previously approved Transmission Facilities Outage or an Outage of a Reliability Resource as a result of Forced Outages or Maintenance Outages, if necessary, in ERCOT's determination to protect system reliability. When ERCOT approves a Maintenance Outage, ERCOT shall coordinate timing of the appropriate course of action under these Protocols.

(5) Removal of a Resource or Transmission Facilities from service under Maintenance Outages must be coordinated with ERCOT. To minimize harmful impacts to the system in urgent situations, the equipment may be removed immediately from service, provided notice is given immediately, by the Resource Entity or TSP, to ERCOT of such action.

3.1.4.5 Notice of Forced Outage or Unavoidable Extension of Planned or Maintenance

Outage Due to Unforeseen Events

(1) If a Planned or Maintenance Outage is not completed within the ERCOT-approved timeframe and the Transmission Facilities or Resources are in such a condition that they cannot be restored at the Outage schedule completion date, the requesting party shall submit to ERCOT a Forced Outage (unavoidable extension) form describing the extension of the Outage and providing a revised return date.

(2) Any Forced Outage that occurs in Real-Time must be entered into the Outage Scheduler if it is to remain an Outage for longer than two hours.

(3) If the QSE is to receive the exemption described in paragraph (5)(d) of Section 8.1.1.4.1, Regulation Service and Generation Resource/Controllable Load Resource Energy Deployment Performance, the QSE will notify ERCOT Operators by voice communication of every Forced Outage, Forced Derate, or Startup Loading Failure within 15 minutes.

3.1.4.6 Outage Coordination of Forecasted Emergency Conditions

(1) If ERCOT forecasts an inability to meet applicable reliability standards and it has exercised all other reasonable options, ERCOT shall inform the Single Point of Contact for any affected Market Participant and all QSEs verbally and in electronic form by declaring an Emergency Condition according to Section 6.5.9.3, Communication under Emergency Conditions.

(2) Under an Emergency Condition and if ERCOT cannot meet applicable reliability standards, ERCOT may discuss the reliability problem with Resource Entities, TSPs, and Distribution Service Providers (DSPs) to reach mutually agreeable solutions where Outages are negatively affecting system reliability. Actions may include changes to Outage schedules and the COP.

3.1.4.7 Reporting of Forced Derates

The Resource Entity or its designee must enter Forced Derates that are expected to last more than 48 hours into the Outage Scheduler.

3.1.5 Transmission System Outages

3.1.5.1 ERCOT Evaluation of Planned Outage and Maintenance Outage of Transmission Facilities

(1) TSPs and Resource Entities shall request a Planned Outage or Maintenance Outage for their respective Transmission Facilities (i.e. Transmission Facilities owned by such Entities) that are part of the ERCOT Transmission Grid and defined in the Network

Operations Model. For Resource Entities within a Private Use Network, this only includes Transmission Facilities at the Point of Interconnection (POI). Specifically, such requests shall be made when a relevant Transmission Facility will be removed from its normal service. For TSP requests, the TSPs shall enter such requests in the Outage Scheduler. For Resource Entity requests, ERCOT shall enter such requests in the Outage Scheduler on behalf of the Resource Entity. ERCOT's obligation to enter outage requests for Resource Entities is valid only for the purposes of Transmission Facilities Outage Scheduler entry requirements prescribed by the ERCOT Protocols and Operating Guides. ERCOT's obligations hereunder do not create any legal obligation or responsibility related to any other legal obligations applicable to a Resource Entity. ERCOT's obligation shall terminate upon the implementation of system changes that enable Resource Entities to perform this function. Planned Outages or Maintenance Outages for Electrical Buses will be treated as consequentially outaged Transmission Elements. In those cases where a TSP enters the breaker and switch statuses associated with an Electrical Bus, a downstream topology processor will evaluate the breakers and switches associated with the applicable Electrical Bus to determine if the Electrical Bus is consequentially outaged, and to thereby designate the status of the Electrical Bus. Proposed Transmission Planned Outage or Maintenance Outage information submitted by a TSP or Resource Entity in accordance with this Section constitutes a request for ERCOT's approval of the Outage Schedule associated with the Planned Outage or Maintenance Outage. ERCOT is not deemed to have approved the Outage Schedule associated with the Planned Outage or Maintenance Outage until ERCOT notifies the TSP or Resource Entity of its approval under procedures adopted by ERCOT. Once ERCOT posts a Resource Entity Transmission Facility Outage request on the MIS Secure Area, the Resource Entity shall review the submitted Outage for accuracy and request that ERCOT submit modifications if necessary. ERCOT shall evaluate requests under Section 3.1.5.11, Evaluation of Transmission Facilities Planned Outage or Maintenance Outage Requests.

[NPRR219: Replace paragraph (1) above with the following upon system implementation:]

(1) A TSP or Resource Entity shall request a Planned Outage or Maintenance Outage when any Transmission Facility that is part of the ERCOT Transmission Grid and defined in the Network Operations Model will be removed from its normal service. For Resource Entities within a Private Use Network, this only includes Transmission Facilities at the Point of Interconnection (POI). For TSP requests, the TSPs shall enter such requests in the Outage Scheduler. For Resource Entity requests, the Resource Entity shall enter such requests in the Outage Scheduler. Planned Outages or Maintenance Outages for Electrical Buses will be treated as consequentially outaged Transmission Elements. In those cases where a TSP enters the breaker and switch statuses associated with an Electrical Bus, a downstream topology processor will evaluate the breakers and switches associated with the applicable Electrical Bus to determine if the Electrical Bus is consequentially outaged, and to thereby designate the status of the Electrical Bus. Proposed Transmission Planned Outage or Maintenance Outage information submitted by a TSP or Resource Entity in accordance with this Section constitutes a request for ERCOT's approval of the Outage Schedule associated with the Planned Outage or Maintenance Outage. ERCOT is not deemed to have approved the Outage Schedule

associated with the Planned Outage or Maintenance Outage until ERCOT notifies the TSP or Resource Entity of its approval under procedures adopted by ERCOT. ERCOT shall evaluate requests under Section 3.1.5.11, Evaluation of Transmission Facilities Planned Outage or Maintenance Outage Requests.

(2) ERCOT shall review and approve Planned Outages and Maintenance Outages of Transmission Facilities schedules. ERCOT shall transmit its approvals and rejections to TSPs via the ERCOT Outage Scheduler. Once approved, ERCOT may not withdraw its approval except under the conditions described in Section 3.1.5.7, Withdrawal of Approval and Rescheduling of Approved Planned Outages and Maintenance Outages of Transmission Facilities.

(3) Private Use Network Outage requests submitted pursuant to this Section shall not be publicly posted.

3.1.5.2 Receipt of TSP Requests by ERCOT

ERCOT shall acknowledge each request for approval of a Transmission Planned Outage schedule within two Business Hours of the receipt of the request. ERCOT may request additional information or seek clarification from the TSP regarding the information submitted for a proposed Planned Outage or Maintenance Outage for Transmission Facilities.

3.1.5.3 Timelines for Response by ERCOT for TSP Requests

(1) For Transmission Facilities Outages, ERCOT shall approve or reject each request in accordance with the following table:

Amount of time between the request for approval of the proposed Outage and the scheduled start date of the proposed Outage:	**ERCOT shall approve or reject no later than:**
Three days	1800 hours, two days before the start of the proposed Outage
Between four and eight days	1800 hours, three days before the start of the proposed Outage
Between nine days and 45 days	Four days before the start of the proposed Outage
Between 46 and 90 days	30 days before the start of the proposed Outage
Greater than 90 days	75 days before the start of the proposed Outage

(2) For Outages scheduled at least three days before the scheduled start date of the proposed Outage, ERCOT shall make reasonable attempts to accommodate unusual circumstances that support TSP requests for approval earlier than required by the schedule above.

(3) If circumstances prevent adherence to these timetables, ERCOT shall discuss the request status and reason for the delay of the approval with the requesting TSP and make reasonable attempts to mitigate the effect of the delay on the TSP.

(4) When ERCOT rejects a request for an Outage, ERCOT shall provide the TSP, in written or electronic form, suggested amendments to the schedules of a Planned Outage or Maintenance Outage of Transmission Facilities. Any such suggested amendments accepted by the TSP must be processed by ERCOT as a Planned Outage or Maintenance Outage of Transmission Facilities request under this Section.

3.1.5.4 Delay

ERCOT may delay its approval or rejection of a proposed Planned Outage or Maintenance Outage of a Transmission Facilities schedule if the requesting TSP has not submitted sufficient or complete information within the time frames set forth in these Protocols.

3.1.5.5 Opportunity Outage of Transmission Facilities

Opportunity Outages of Transmission Facilities may be approved under Section 3.1.6.10, Opportunity Outage.

3.1.5.6 Rejection Notice

(1) If ERCOT rejects a request, ERCOT shall provide the TSP a written or electronic rejection notice that includes:

(a) Specific concerns causing the rejection;

(b) Possible remedies or transmission schedule revisions, if any that might mitigate the basis for rejection; and

(c) An electronic copy of the ERCOT study case for review by the TSP.

(2) ERCOT may reject a Planned Outage or Maintenance Outage of Transmission Facilities only:

(a) To protect system reliability or security;

(b) Due to insufficient information regarding the Outage; or

(c) Due to failure to comply with submittal process requirements, as specified in these Protocols.

(3) When multiple proposed Planned Outages or Maintenance Outages cause a reliability or security concern, ERCOT shall:

(a) Communicate with each TSP to see if the TSP will adjust its proposed Planned Outage or Maintenance Outage schedule;

(b) Determine if each TSP will agree to an alternative Outage schedule; or

(c) Reject, in ERCOT's sole discretion, one or more proposed Outages, considering order of receipt and impact on the ERCOT Transmission Grid.

3.1.5.7 Withdrawal of Approval and Rescheduling of Approved Planned Outages and Maintenance Outages of Transmission Facilities

(1) If ERCOT believes it cannot meet the applicable reliability standards and has exercised reasonable options, ERCOT may contact the TSP for more information prior to its withdrawal of the approval for a Planned Outage or Maintenance Outage schedule. ERCOT shall inform the affected TSP both orally and in written or electronic form as soon as ERCOT identifies a situation that may lead to the withdrawal of ERCOT's approval. If ERCOT withdraws its approval, the TSP may submit a new request for approval of the Planned Outage or Maintenance Outage schedule provided the new request meets the submittal requirements for Outage Scheduling. If ERCOT withdraws approval of Planned Outages and Maintenance Outages of Transmission Facilities, ERCOT shall post notice through the MIS Secure Area as soon as practicable but not later than one hour of the change to inform Market Participants.

(2) In determining whether to withdraw approval, ERCOT shall duly consider whether the Planned Outage or Maintenance Outage affects public infrastructure if ERCOT is made aware of such potential impacts by the TSP (e.g., impacts on highways, ports, municipalities, and counties).

3.1.5.8 Priority of Approved Planned Outages

In considering TSP requests, ERCOT shall give priority to approved Planned Outage and Maintenance Outage schedules previously posted to the MIS Secure Area.

3.1.5.9 Information for Inclusion in Transmission Facilities Outage Requests

Transmission Facilities Outage requests submitted by a TSP must include the following Transmission Facilities-specific information:

(a) The identity of the Transmission Facilities, in the Network Operations Model, including TSP and location;

(b) The nature of the work, by predefined classifications, to be performed during the proposed Transmission Facilities Outage;

(c) The preferred start and finish dates for the proposed Transmission Planned or Maintenance Outage;

(d) The time required to: (i) finish the Transmission Planned Outage or Maintenance Outage and (ii) restore the Transmission Facilities to normal operation;

(e) Primary and alternate telephone numbers for the TSP's Single Point of Contact, as described in Section 3.1.4.1, Single Point of Contact, and the name of the individual submitting the information;

(f) The scheduling flexibility (i.e., the earliest start date and the latest finish date for the Outage);

(g) Any Transmission Facilities that must be out of service to facilitate the TSP's request;

(h) Any remedial actions or special protection systems necessary during the Outage and the contingency that would require the remedial action or relay action; and

(i) Any other relevant information related to the proposed Outage or any unusual risks affecting the schedule.

3.1.5.10 Additional Information Requests

The requesting TSP shall comply with any ERCOT requests for more information about, or for clarification of, the information submitted by the TSP for a proposed Outage.

3.1.5.11 Evaluation of Transmission Facilities Planned Outage or Maintenance Outage Requests

(1) ERCOT shall evaluate requests, approve, or reject Transmission Facilities Planned Outages and Maintenance Outages according to the requirements of this section. ERCOT may approve Outage requests provided the Outage in combination with other proposed Outages does not cause a violation of applicable reliability standards. ERCOT shall reject Outage requests that do not meet the submittal timeline specified in Section 3.1.5.12, Submittal Timeline for Transmission Facility Outage Requests. ERCOT shall consider the following factors in its evaluation:

(a) Forecasted conditions during the time of the Outage;

(b) Outage plans submitted by Resource Entities and TSPs under Section 3.1, Outage Coordination;

(c) Forced Outages of Transmission Facilities;

(d) Potential for the proposed Outages to cause irresolvable transmission overloads or voltage supply concerns based on the indications from contingency analysis software;

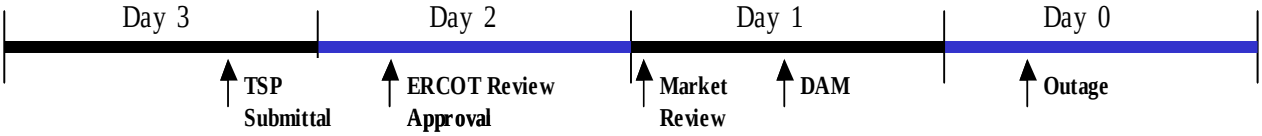
(e) Previously approved Planned Outages and Maintenance Outages;

(f) Impacts on the transfer capability of DC Ties; and

(g) Good Utility Practice for Transmission Facilities maintenance.

(2) When ERCOT approves a Maintenance Outage, ERCOT shall coordinate the timing of the appropriate course of action with the requesting TSP.

3.1.5.12 Submittal Timeline for Transmission Facility Outage Requests



TSPs shall submit all requests for Planned Outages and Maintenance Outages or changes to existing approved Outages of Transmission Elements in the Network Operations Model to ERCOT no later than the minimum amount of time between the submittal of a request to ERCOT for approval of a proposed Outage and the scheduled start date of the proposed Outage, according to the following table:

Type of Outage	**Minimum amount of time between the Outage request and the scheduled start date of the proposed Outage:**	**Minimum amount of time between any change to an Outage request and the scheduled end date an existing Outage:**
Forced Outage	Immediate	Immediate
Maintenance Outage Level I	Immediate	Immediate
Maintenance Outage Level II	Two days [1]	Two days [1]
Maintenance Outage Level III	Three days	Three days
Planned Outage	Three days	Three days
Simple Transmission Outage	One day	One day

Note:

1. For reliability purposes, ERCOT may reduce to one day on a case-by-case basis.

3.1.5.13 Transmission Report

ERCOT shall post on the MIS Secure Area:

(a) All proposed Transmission Facilities Outages that have not yet been approved or rejected within one hour of receipt by ERCOT; and

(b) Any approved, accepted or rejected Transmission Facilities Outage within one hour of approval, acceptance or rejection of the Outage.

3.1.6 Outages of Resources Other than Reliability Resources

(1) ERCOT shall accept all Outage schedules and changes to Outage schedules for a Resource other than a reliability Resource submitted to ERCOT more than 45 days before the proposed start date of the Outage.

(2) If a Resource Entity plans to start a Planned or Maintenance Outage within 45 days that has not been previously included in the Resource's written Planned Outage and Maintenance Outage plan, then the Resource Entity must immediately notify ERCOT and include in its notice whether the Outage is a Forced Outage, Maintenance (Level I, II, or III) Outage, or Planned Outage. ERCOT's response to this notification must comply with these requirements:

(a) ERCOT shall accept Forced and Levels I, II, and III Maintenance Outage proposals, and ERCOT shall coordinate the Outages within the time frames specified in these Protocols.

(b) ERCOT shall approve Planned Outage proposals, except that ERCOT shall reject an Outage proposal if it will impair ERCOT's ability to meet applicable reliability standards and other solutions cannot be exercised.

(c) ERCOT shall accept Forced and Maintenance Outage plans from a Qualifying Facility (QF) that result from the outage of the QF's thermal host facility.

3.1.6.1 Receipt of Resource Requests by ERCOT

ERCOT shall acknowledge each request for approval of a Resource Planned Outage schedule within two Business Hours of the receipt of the request. ERCOT may request additional information or seek clarification from the Resource Entity regarding the information submitted for a proposed Planned Outage or Maintenance Outage for Resource Facilities.

3.1.6.2 Resources Outage Plan

(1) Resource Entity Outage requests shall include the following information:

(a) The primary and alternate phone number of the Resource Entity's Single Point of Contact for Outage Coordination;

(b) The Resource identified by the name in the Network Operations Model;

(c) The net megawatts of capacity the Resource Entity anticipates will be available during the Outage (if any);

(d) The estimated start and finish dates for each Planned and Maintenance Outage;

(e) An estimate of the acceptable deviation in the Outage schedule (i.e., the earliest start date and the latest finish date for the Outage); and

(f) The nature of work to be performed during the Outage.

(2) When ERCOT accepts a Maintenance Outage, ERCOT shall coordinate the timing of the appropriate course of action within the Resource-specified timeframe. The QSE shall notify ERCOT of the Outage and coordinate the time.

3.1.6.3 Additional Information Requests

ERCOT may request additional information from a Resource Entity regarding the information submitted as part of a Resource Outage plan. ERCOT may not unnecessarily delay requests for information in terms of the required response time.

3.1.6.4 Approval of Changes to a Resource Outage Plan

(1) ERCOT shall accept all changes to a Resource Outage plan submitted by a Resource Entity more than 45 days before the planned start date for the Outage. Following acceptance, where ERCOT determines that Outage requests are expected to result in a violation of an ERCOT reliability criterion or that may result in a cancellation of a Transmission Facilities Planned Outage, ERCOT may discuss such concerns with Resource Entities or QSEs in an attempt to reach a mutually agreeable resolution, including rescheduling the Outage in a manner agreeable to the Resource Entity.

(2) A Resource Entity must request approval from ERCOT only for new Resource Outages or changes to a previously accepted planned Resource Outage scheduled to occur within 45 days of the request.

(3) ERCOT shall approve Planned Outage and Maintenance Outage requests to occur within 45 days, except that ERCOT shall reject proposals if the Outage proposal will impair ERCOT's ability to meet applicable reliability standards.

(4) When the scheduled work is complete, any Resource may return from a Planned Outage in accordance with Section 3.1.6.11, Outage Returning Early. ERCOT shall accept this change and, in the event that a Transmission Facilities Outage was scheduled concurrently with the affected Resource(s) Outage, ERCOT shall coordinate between the TSP and the Resource Entity to schedule a time mutually agreeable to both parties for the Resource to be On-Line. If mutual agreement cannot be reached, then ERCOT shall decide, considering expected impact on ERCOT System security, future Outage plans, and participants.

3.1.6.5 Evaluation of Proposed Resource Outage

(1) If a proposed Resource Outage, in conjunction with previously accepted Outages, would cause a violation of applicable reliability standards, ERCOT shall:

(a) Communicate with the requesting Market Participant and each other Market Participants as required under Section 3.1.6.8, Resource Outage Rejection Notice; and

(b) Consider modifying the previous acceptance or approval of one or more Transmission Facilities or reliability Resource Outages, considering order of receipt and impact to the ERCOT System; based upon security and reliability analysis results, ERCOT shall investigate possible Remedial Action Plans (RAPs) for all insecure states and strive to maximize transmission usage consistent with reliable operation.

(2) If security can be maintained using an alternative considered in item (1)(b), then ERCOT, may, in its judgment, direct the selected alternatives and approve the proposed Resource Outage.

(3) If ERCOT does not resolve the security issues using any alternatives considered in item (1)(b), then ERCOT shall reject the proposed Resource Outage.

3.1.6.6 Timelines for Response by ERCOT for Resource Outages

(1) ERCOT shall approve, accept or reject each request in accordance with the following table:

Amount of time between a request for acceptance of a Planned Outage and the scheduled start of the proposed Outage:	**ERCOT shall approve, accept or reject no later than:**
Three days	ERCOT shall approve or reject within 1800 hours, two days before the start of the proposed Outage
Between four and eight days	ERCOT shall approve or reject within 1800 hours, three days prior to the start of the proposed Outage
Between nine and 45 days	Five Business Days after submission. Planned Outages are automatically accepted if not rejected at the end of the fifth Business Day following receipt of request.
Greater than 45 days	ERCOT must accept, but ERCOT may discuss reliability and scheduling impacts to minimize cost to the ERCOT System in an attempt to accomplish minimum overall impact. Within five Business Days, ERCOT will notify the submitter if there is a conflict with a previously scheduled Outage.

(2) If circumstances prevent adherence to these timetables, ERCOT shall discuss the request status and reason for the delay of decision with the QSE and make reasonable attempts to mitigate the effect of the delay.

3.1.6.7 Delay

ERCOT may delay its acceptance, approval or rejection of a proposed Planned Outage schedule if the requesting Resource Entity has not submitted sufficient or complete information within the time frames set forth in this Section 3.1.6, Outages of Resources Other Than Reliability Resources. Review periods for Planned Outage consideration do not commence until sufficient and complete information is submitted to ERCOT as described in Section 3.1.6.2, Resources Outage Plan.

3.1.6.8 Resource Outage Rejection Notice

(1) If ERCOT rejects a request for a Planned Outage, ERCOT shall provide the QSE a written or electronic rejection notice that includes:

(a) Specific reasons causing the rejection; or

(b) Possible remedies or Resource schedule revisions, if any, that might mitigate the basis for rejection.

(2) ERCOT may reject a Planned Outage of Resource facilities only:

(a) To protect the reliability or security of the ERCOT System;

(b) Due to insufficient information regarding the Outage;

(c) Due to failure to comply with submittal process requirements, as specified in these Protocols; or

(d) As specified elsewhere in these Protocols.

(3) When multiple proposed Planned Outages or Maintenance Outages cause a known capacity conflict, ERCOT shall:

(a) Communicate with each QSE to see if the QSE will adjust its proposed Planned Outage schedule;

(b) Determine if each QSE will agree to an alternative Outage schedule; or

(c) Reject, in ERCOT's sole discretion, one or more proposed Outages, considering order of receipt and impact to the ERCOT System.

3.1.6.9 Withdrawal of Approval or Acceptance and Rescheduling of Approved or Accepted Planned Outages of Resource Facilities

If ERCOT believes it cannot meet the applicable reliability standards and has exercised reasonable options, ERCOT may contact the QSE for more information prior to its withdrawal of the approval or acceptance of a Planned Outage schedule. ERCOT will only withdraw approval

or acceptance of a Planned Outage to maintain reliability standards. ERCOT shall inform the affected QSE both orally and in written or electronic form as soon as ERCOT identifies a situation that may lead to the withdrawal of ERCOT's approval or acceptance. If ERCOT withdraws its approval or acceptance, the QSE may submit a new request for approval of the Planned Outage schedule provided the new request meets the submittal requirements for Outage Scheduling.

3.1.6.10 Opportunity Outage

(1) Opportunity Outages for Resources are a special category of Planned Outages that may be approved by ERCOT when a specific Resource has been forced Off-Line due to a Forced Outage and the Resource has been previously accepted for a Planned Outage during the next eight days.

(2) When a Forced Outage occurs on a Resource that has an accepted or approved Outage scheduled within the following eight days, the Resource may remain Off-Line and start the accepted or approved Outage earlier than scheduled. The QSE must give as much notice as practicable to ERCOT.

(3) Opportunity Outages of Transmission Facilities may be approved by ERCOT when a specific Resource is Off-Line due to a Forced, Planned or Maintenance Outage. A TSP may request an Opportunity Outage at any time.

(4) When an Outage occurs on a Resource that has an approved Transmission Facilities Opportunity Outage request on file, the TSP may start the approved Outage as soon as practical after receiving authorization to proceed by ERCOT. ERCOT must give as much notice as practicable to the TSP.

3.1.6.11 Outage Returning Early

(1) A Resource that completes a Planned Outage early and wants to resume operation shall notify ERCOT of the early return prior to resuming service by making appropriate entries in the Current Operating Plan or Outage Scheduler if applicable as much in advance as practicable, but not later than at least two hours prior to beginning startup. Within two hours of receiving such request, ERCOT shall either:

(a) Approve the request unless, as a result of complying with the request, ERCOT cannot maintain system reliability or security with the Resource injection. In such a case, ERCOT shall issue a Verbal Dispatch Instruction (VDI) to the Resource's QSE to stay Off-Line; or

(b) Coordinate between the TSP and Resource Entity to schedule a time agreeable to both parties for the Resource to be Off-Line in the event if that a Transmission Facilities Outage requires the affected Resource to be Off-Line. If mutual agreement is not reached, then ERCOT shall decide on the appropriate time, after

considering expected impacts on system security, future Outage plans, and participants and issue a VDI to the Resource's QSE to stay Off-Line.

(2) Before an early return from an Outage, a Resource Entity or QSE may inquire of ERCOT whether the Resource is expected to be decommitted by ERCOT upon its early return. If a Resource Entity or QSE is notified by ERCOT that the Resource will be decommitted if it returns early and the Resource Entity or QSE starts the Resource within the previously accepted or approved Outage period, then the QSE representing the Resource will not be paid any decommitment compensation as otherwise would be provided for in Section 5.7, Settlement for RUC Process.

3.1.6.12 Resource Coming On-Line

Before start-up and synchronizing On-Line, a Resource Entity or QSE may inquire of ERCOT whether the Resource is expected to be decommitted by ERCOT upon its coming On-Line. If a Resource Entity or QSE is notified by ERCOT that the Resource will be decommitted if the Resource comes On-Line and the Resource Entity or QSE starts the Resource, then the QSE representing the Resource will not be paid any decommitment compensation as otherwise would be provided for in Section 5.7.3, Payment When ERCOT Decommits a QSE-Committed Resource.

3.1.7 Reliability Resource Outages

ERCOT shall evaluate requests for approval of an Outage of a Reliability Resource to determine if any one or a combination of proposed Outages may cause ERCOT to violate applicable reliability standards. ERCOT's evaluations shall take into consideration factors including the following:

(a) Load forecast;

(b) All other known Outages; and

(c) Potential for the proposed Outages to cause irresolvable transmission overloads or voltage supply concerns based on the indications from contingency analysis software.

3.1.7.1 Timelines for Response by ERCOT on Reliability Resource Outages

(1) ERCOT shall approve requests for Planned Outages of Reliability Resources unless, in ERCOT's determination, the requested Planned Outage would cause ERCOT to violate applicable reliability standards. ERCOT shall approve or reject each request in accordance with the following table:

Amount of time between a Request for approval of a proposed Planned Outage and the scheduled start	**ERCOT shall approve or reject no later than:**

date of the proposed Outage:	
No less than 30 days	15 days before the start of the proposed Outage
Greater than 45 days	30 days before the start of the proposed Outage

(2) ERCOT shall approve requests for Outages, other than Forced Outages or Level I Maintenance Outages, of Reliability Resources unless, in ERCOT's determination, the requested Outage would cause ERCOT to violate applicable reliability standards. ERCOT shall approve or reject Maintenance Outages on Reliability Resources as follows:

Amount of time between a Request for approval of a proposed Outage and the scheduled start date of the proposed Outage:	**ERCOT shall approve or reject no later than:**
Between three and eight days	0000 hours, two days before the start of the proposed Outage
Between nine and 30 days	Four days before the start of the proposed Outage

(3) ERCOT shall not be deemed to have approved the Outage request associated with the Planned Outage until ERCOT notifies the Single Point of Contact of its approval. ERCOT shall transmit approvals electronically.

3.1.7.2 Changes to an Approved Reliability Resource Outage Plan

Once ERCOT has approved a Reliability Resource Planned Outage, the Resource Entity for the Reliability Resource may submit to ERCOT a change request by entering the change in the Outage Scheduler no later than 30 days before the scheduled start date of the approved Outage. ERCOT shall approve or reject the proposed change within 15 days of receiving the change request form. ERCOT may, at its discretion, relax the 30 day Notice requirement.

3.2 Analysis of Resource Adequacy

3.2.1 Calculation of Aggregate Resource Capacity

(1) ERCOT shall use Outages in the Outage Scheduler and, when applicable, the Resource Status from the Current Operating Plan (COP) to calculate the aggregate capacity from Generation Resources and Load Resources projected to be available in the ERCOT Region and in Forecast Zones in ERCOT. "Forecast Zones" have the same boundaries as the 2003 ERCOT Congestion Management Zones. Each Resource will be mapped to a Forecast Zone during the registration process.

(2) Monthly, ERCOT shall calculate the aggregate weekly Generation Resource capacity for the ERCOT Region and the Forecast Zones projected to be available during the ERCOT Region peak Load hour of each week for the following 36 months, starting with the

second week and the aggregate weekly Load Resource capacity for the ERCOT Region projected to be available during the ERCOT Region peak Load hour of each week for the following 36 months, starting with the second week.

(3) On a rolling hourly basis, ERCOT shall calculate the aggregate hourly Generation Resource capacity and Load Resource capacity in the ERCOT Region and Forecast Zones projected to be available during each hour for the following seven days.

(4) Projections of Generation Resource capacity from Intermittent Renewable Resources (IRRs) shall be consistent with capacity availability estimates, such as the effective Load carrying capability of wind, developed jointly between ERCOT and the appropriate Technical Advisory Committee (TAC) subcommittee and approved by the ERCOT Board or typical production expectations consistent with expected wind profiles as appropriate for the scenario being studied.

(5) ERCOT shall publish procedures describing the IRR forecasting process on the Market Information System (MIS) Public Area.

3.2.2 Demand Forecasts

(1) Monthly, ERCOT shall develop the weekly peak hour Demand forecast for the ERCOT Region and for the Forecast Zones based on the 36-Month Load Forecast as described in Section 3.12, Load Forecasting, for the following 36 months, starting with the second week. During the development of this forecast, ERCOT may consult with Qualified Scheduling Entities (QSEs), Transmission Service Providers (TSPs), and other Market Participants that may have knowledge of potential Load growth.

(2) ERCOT may, at its discretion, publish on the MIS Secure Area, additional peak Demand analyses for periods beyond 36 months.

(3) ERCOT shall develop and publish hourly on the MIS Public Area, peak Demand forecasts by Forecast Zone for each hour of the next seven days using the Seven-Day Load Forecast as described in Section 3.12.

(4) For purposes of Demand forecasting, ERCOT may choose to use the same forecast as that used for the Load forecast.

(5) ERCOT shall publish procedures describing the forecasting process on the MIS Public Area.

3.2.3 System Adequacy Reports

(1) ERCOT shall publish system adequacy reports to assess the adequacy of Resources and Transmission Facilities to meet the projected Demand. ERCOT shall provide reports on a system-wide basis and by Forecast Zone, where applicable.

(2) ERCOT shall generate and post a "Medium-Term System Adequacy Report" on the MIS Secure Area. ERCOT shall update the report monthly using the latest aggregate Generation Resource capacity and Load Resource capacity. The data will be provided for each week, starting with the second week, of a rolling 36-month period. The Medium-Term System Adequacy Report will provide:

(a) Generation Resource capacity at the time of forecasted weekly peak Demand;

(b) Load Resource capacity at the time of the forecasted weekly peak Demand;

(c) Weekly peak forecast Demand described in Section 3.2.2, Demand Forecasts;

(d) Calculated system reserve, highlighting any deficiency hours, that excludes Load Resource capacity;

(e) Calculated system reserve, highlighting any deficiency hours, that includes Load Resource capacity shown as a reduction in forecast Demand;

(f) Ancillary Service requirements; and

(g) Transmission constraints that have a high probability of being binding in the Security-Constrained Economic Dispatch (SCED) or Day-Ahead Market (DAM) given the forecasted system conditions for each week excluding the effects of any transmission or Resource Outages.

(3) ERCOT shall generate and post a "Short-Term System Adequacy Report" on the MIS Public Area. ERCOT shall update this report hourly following updates to the Seven-Day Load Forecast and on detection of a change to Resource Status that changes the availability of a Resource. The Short-Term System Adequacy Report will provide:

(a) For Generation Resources, the available On-Line Resource capacity for each hour, using the COP for the first seven days;

(b) ERCOT shall post a total system-wide capacity of Resource Outages as reflected in the Outage Scheduler that are accepted or approved. The Resource Outage capacity amount shall be based from each Resource's current Seasonal High Sustained Limit (HSL) and posted each hour for the top of each Operating Hour for the next 168 hours. The information provided by ERCOT shall be aggregated on a system-wide basis separating IRRs from other Resources, and shall include no specific Resource information, and will exclude Outages related to Mothballed Generation Resources;

(c) For Load Resources, the available capacity for each hour using the COP;

(d) Forecast Demand for each hour described in Section 3.2.2;

(e) Ancillary Service requirements for the Operating Day and subsequent days; and

(f) Transmission constraints that have a high probability of being binding in SCED or DAM given the forecasted system conditions for each week including the effects of any transmission or Resource Outages. The binding constraints may not be updated every hour.

[NPRR500: Insert paragraph (3)(g) below upon system implementation:]

(g) For Generation Resources, the available Off-Line Resource capacity that can be started for each hour, using the COP for the first seven days.

3.2.4 Reporting of Statement of Opportunities

In accordance with P.U.C. SUBST. R. 25.505, Resource Adequacy in the Electric Reliability Council of Texas Power Region, ERCOT shall publish on the MIS Public Area a "Statement of Opportunities" that provides a projection of the capability of existing and planned Generation Resources, Load Resources, and Transmission Facilities to reliably meet ERCOT's projected needs.

3.2.5 Publication of Resource and Load Information

(1) Two days after the applicable Operating Day, ERCOT shall post on the MIS Public Area for the ERCOT System and, if applicable, for each Disclosure Area, the information derived from the first complete execution of SCED in each 15-minute Settlement Interval. The Disclosure Area is the 2003 ERCOT Congestion Management Zones. Posting requirements will be applicable to Generation Resources physically located in the defined Disclosure Area. The information posted by ERCOT shall include:

[NPRR555: Replace paragraph (1) above with the following upon system implementation:]

(1) Two days after the applicable Operating Day, ERCOT shall post on the MIS Public Area for the ERCOT System and, if applicable, for each Disclosure Area, the information derived from the first complete execution of SCED in each 15-minute Settlement Interval. The Disclosure Area is the 2003 ERCOT Congestion Management Zones. Posting requirements will be applicable to Generation Resources and Controllable Load Resources physically located in the defined Disclosure Area. The information posted by ERCOT shall include:

(a) An aggregate energy supply curve based on non-wind Generation Resources with Energy Offer Curves that are available to SCED. The energy supply curves will be calculated beginning at the sum of the Low Sustained Limits (LSLs) and ending at the sum of the HSLs for non-wind Generation Resources with Energy Offer Curves, with the dispatch for each Generation Resource constrained between the Generation Resource's LSL and HSL. The result will represent the

ERCOT System energy supply curve economic dispatch of the non-wind Generation Resources with Energy Offer Curves at various pricing points, not taking into consideration any physical limitations of the ERCOT System;

(b) An aggregate energy supply curve based on Wind-powered Generation Resources (WGRs) with Energy Offer Curves that are available to SCED. The energy supply curves will be calculated beginning at the sum of the LSLs and ending at the sum of the HSLs for WGRs with Energy Offer Curves, with the dispatch for each WGR constrained between the WGR's LSL and HSL. The result will represent the ERCOT System energy supply curve economic dispatch of the WGRs with Energy Offer Curves at various pricing points, not taking into consideration any physical limitations of the ERCOT System;

(c) The sum of LSLs, sum of Output Schedules, and sum of HSLs for Generation Resources without Energy Offer Curves;

(d) The sum of the Base Points, High Ancillary Service Limit (HASL) and Low Ancillary Service Limit (LASL) of non-wind Generation Resources with Energy Offer Curves, sum of the Base Points, HASL and LASL of WGRs with Energy Offer Curves, and the sum of the Base Points, HASL and LASL of all remaining Generation Resources dispatched in SCED; and

(e) The sum of the telemetered Generation Resource net output used in SCED.

[NPRR555: Insert paragraph (f) below upon system implementation:]

(f) An aggregate energy Demand curve based on the Real-Time Market (RTM) Energy Bid curves available to SCED. The energy Demand curve will be calculated beginning at the sum of the Low Power Consumptions (LPCs) and ending at the sum of the Maximum Power Consumptions (MPCs) for Controllable Load Resources with RTM Energy Bids, with the dispatch for each Controllable Load Resource constrained between the Controllable Load Resource's LPC and MPC. The result will represent the ERCOT System Demand response capability available to SCED of the Controllable Load Resources with RTM Energy Bids at various pricing points, not taking into consideration any physical limitations of the ERCOT System.

(2) Two days after the applicable Operating Day, ERCOT shall post on the MIS Public Area for the ERCOT System the following information derived from the first complete execution of SCED in each 15-minute Settlement Interval:

(a) Each telemetered Dynamically Scheduled Resource (DSR) Load, and the telemetered DSR net output(s) associated with each DSR Load; and

(b) The actual ERCOT Load as determined by subtracting the Direct Current Tie (DC Tie) Resource actual telemetry from the sum of the telemetered Generation Resource net output as used in SCED.

(3) Two days after the applicable Operating Day, ERCOT shall post on the MIS Public Area the following information for the ERCOT System and, if applicable, for each Disclosure Area from the DAM for each hourly Settlement Interval:

(a) An aggregate energy supply curve based on all energy offers that are available to the DAM, not taking into consideration Resource Startup Offer or Minimum-Energy Offer or any physical limitations of the ERCOT System. The result will represent the energy supply curve at various pricing points for energy offers available in the DAM;

(b) Aggregate minimum energy supply curves based on all Minimum-Energy Offers that are available to the DAM;

(c) An aggregate energy Demand curve based on the DAM Energy Bid curves available to the DAM, not taking into consideration any physical limitations of the ERCOT System;

(d) The aggregate amount of cleared energy bids and offers including cleared Minimum-Energy Offer quantities;

(e) The aggregate Ancillary Service Offers (prices and quantities) in the DAM, for each type of Ancillary Service regardless of a Resource's On-Line or Off-Line status. For Responsive Reserve (RRS) Service, ERCOT shall separately post aggregated offers from Generation Resources, Controllable Load Resources, and non-Controllable Load Resources. Linked Ancillary Service Offers will be included as non-linked Ancillary Service Offers;

(f) The aggregate Self-Arranged Ancillary Service Quantity, for each type of service, by hour;

(g) The aggregate amount of cleared Ancillary Service Offers; and

(h) The aggregate Point-to-Point (PTP) Obligation bids (not-to-exceed price and quantities) for the ERCOT System and the aggregate PTP Obligation bids that sink in the Disclosure Area for each Disclosure Area.

(4) ERCOT shall post on the MIS Public Area the following information for each Resource for each 15-minute Settlement Interval 60 days prior to the current Operating Day:

(a) The Generation Resource name and the Generation Resource's Energy Offer Curve (prices and quantities) used in SCED, including the Incremental and Decremental Energy Offer Curves for DSRs;

[NPRR476: Replace item (4)(a) above with the following upon system implementation:]

(a) The Generation Resource name and the Generation Resource's Energy Offer Curve (prices and quantities):

(i) As submitted;

(ii) As submitted and extended (or truncated) with proxy Energy Offer Curve logic by ERCOT to fit to the operational HSL and LSL values that are available for dispatch by SCED; and

(iii) As mitigated and extended for use in SCED, including the Incremental and Decremental Energy Offer Curves for DSRs;

(b) The Generation Resource name and the Generation Resource's Output Schedule;

(c) For a DSR, the DSR Load and associated DSR name and DSR net output;

(d) The Generation Resource name and actual metered Generation Resource net output;

(e) The self-arranged Ancillary Service by service for each QSE;

(f) The following Generation Resource data using a single snapshot during the first SCED execution in each Settlement Interval:

(i) The Generation Resource name;

(ii) The Generation Resource status;

(iii) The Generation Resource HSL, LSL, HASL, LASL, High Dispatch Limit (HDL), and Low Dispatch Limit (LDL);

(iv) The Generation Resource Base Point from SCED;

(v) The telemetered Generation Resource net output used in SCED;

(vi) The Ancillary Service Resource Responsibility for each Ancillary Service; and

(vii) The Generation Resource Startup Cost and minimum energy cost used in the Reliability Unit Commitment (RUC); and

(g) The following Load Resource data using a single snapshot during the first SCED execution in each Settlement Interval:

(i) The Load Resource name;

(ii) The Load Resource status;

(iii) The Maximum Power Consumption (MPC for a Load Resource);

(iv) The Low Power Consumption (LPC for a Load Resource);

(v) The telemetered real power consumption; and

(vi) The Ancillary Service Resource Responsibility for each Ancillary Service.

(5) If any Real-Time Locational Marginal Price (LMP) exceeds 50 times the Fuel Index Price (FIP) during any 15-minute Settlement Interval for the applicable Operating Day, ERCOT shall post on the MIS Public Area the portion of any Generation Resource's Energy Offer Curve that is at or above 50 times the FIP for each 15-minute Settlement Interval seven days after the applicable Operating Day.

[NPRR476: Replace paragraph (5) above with the following upon system implementation:]

(5) If any Real-Time Locational Marginal Price (LMP) exceeds 50 times the Fuel Index Price (FIP) during any 15-minute Settlement Interval for the applicable Operating Day, ERCOT shall post on the MIS Public Area the portion of any Generation Resource's as-submitted and as-mitigated and extended Energy Offer Curve that is at or above 50 times the FIP for each 15-minute Settlement Interval seven days after the applicable Operating Day.

(6) ERCOT shall post on the MIS Public Area the offer price and the name of the Entity submitting the offer for the highest-priced offer selected or Dispatched by SCED two days after the applicable Operating Day. If multiple Entities submitted the highest-priced offers selected, all Entities shall be identified on the MIS Public Area.

[NPRR555: Insert paragraph (7) below upon system implementation and renumber accordingly:]

(7) ERCOT shall post on the MIS Public Area the bid price and the name of the Entity submitting the bid for the highest-priced bid selected or Dispatched by SCED two days after the applicable Operating Day. If multiple Entities submitted the highest-priced bids selected, all Entities shall be identified on the MIS Public Area.

(7) ERCOT shall post on the MIS Public Area for each Operating Day the following information for each Resource:

(a) The Resource name;

(b) The names of the Entities providing information to ERCOT;

(c) The names of the Entities controlling each Resource. ERCOT shall determine whether the Entity is in control of each Resource in accordance with subsection (e) of P.U.C. SUBST. R. 25.502, Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas; and

(d) Flag for Reliability Must-Run (RMR) Resources.

(8) ERCOT shall post on the MIS Public Area the following information from the DAM for each hourly Settlement Interval for the applicable Operating Day 60 days prior to the current Operating Day:

(a) The Generation Resource name and the Generation Resource's Three-Part Supply Offer (prices and quantities), including Startup Offer and Minimum-Energy Offer, available for the DAM;

(b) For each Settlement Point, individual DAM Energy-Only Offer Curves available for the DAM and the name of the QSE submitting the offer;

(c) The Resource name and the Resource's Ancillary Service Offers available for the DAM;

(d) For each Settlement Point, individual DAM Energy Bids available for the DAM and the name of the QSE submitting the bid;

(e) For each Settlement Point, individual PTP Obligation bids available to the DAM that sink at the Settlement Point and the QSE submitting the bid;

(f) The awards for each Ancillary Service from DAM for each Generation Resource;

(g) The awards for each Ancillary Service from DAM for each Load Resource;

(h) The award of each Three-Part Supply Offer from the DAM and the name of the QSE receiving the award;

(i) For each Settlement Point, the award of each DAM Energy-Only Offer from the DAM and the name of the QSE receiving the award;

(j) For each Settlement Point, the award of each DAM Energy Bid from the DAM and the name of the QSE receiving the award; and

(k) For each Settlement Point, the award of each PTP Obligation bid from the DAM that sinks at the Settlement Point, including whether or not the PTP Obligation bid was Linked to an Option, and the QSE submitting the bid.

3.2.6 ERCOT Planning Reserve Margin

ERCOT shall calculate the Planning Reserve Margin (PRM) for each Peak Load Season as follows:

$$\mathbf{PRM}_{s,i} = \mathbf{(TOTCAP}_{s,i} \mathbf{- FIRMPKLD}_{s,i}\mathbf{) / FIRMPKLD}_{s,i}$$

The above variables are defined as follows:

Variable	Unit	Definition
$PRM_{s,i}$	%	*Planning Reserve Margin*—The Planning Reserve Margin for the Peak Load Season *s* for year *i*.
$TOTCAP_{s,i}$	MW	*Total Capacity*—Total Capacity available during the Peak Load Season *s* for the year *i*.
$FIRMPKLD_{s,i}$	MW	*Firm Peak Load*—Firm Peak Load for the Peak Load Season *s* for the year *i*.
i	None	Year.
s	None	Peak Load Season.

3.2.6.1 Minimum ERCOT Planning Reserve Margin Criterion

The minimum ERCOT PRM criterion is 13.75%. ERCOT shall periodically review and recommend to the ERCOT Board any changes to the minimum ERCOT PRM to ensure adequate reliability of the ERCOT System.

3.2.6.2 ERCOT Planning Reserve Margin Calculation Methodology

ERCOT shall prepare and publish on the ERCOT website, at least annually, the Report on Capacity, Demand and Reserves in the ERCOT Region containing an estimate of the PRM for the current Peak Load Seasons as well as a minimum of ten future summer and winter peak Load periods. The format and content of this report shall be developed by ERCOT, and subject to TAC approval. The estimate of the PRM shall be based on the methodology in Section 3.2.6.2.1, Peak Load Estimate, and Section 3.2.6.2.2, Total Capacity Estimate.

3.2.6.2.1 Peak Load Estimate

ERCOT shall prepare, at least annually, a forecast of the total peak Load for both summer and winter Peak Load Seasons for the current year and a minimum of ten future years using an econometric forecast, taking into account econometric inputs, weather conditions, demographic data and other variables as deemed appropriate by ERCOT. The firm Peak Load Season estimate shall be determined by the following equation:

$$\mathbf{FIRMPKLD}_{s,i} = \mathbf{TOTPKLD}_{s,i} - \mathbf{LRRRS}_{s,i} - \mathbf{LRNSRS}_{s,i} - \mathbf{ERS}_{s,i} - \mathbf{CLR}_{s,i} - \mathbf{ENERGYEFF}_{s,i}$$

The above variables are defined as follows:

Variable	Unit	Definition

FIRMPKLD $_{s, i}$	MW	*Firm Peak Load Estimate*—The Firm Peak Load Estimate for the Peak Load Season *s* for the year *i.*
TOTPKLD $_{s, i}$	MW	*Total Peak Load Estimate*—The Total Peak Load Estimate for the Peak Load Season *s* for the year *i.*
LRRRS $_{s, i}$	MW	*Load Resource providing RRS*—The amount of RRS a Load Resource is providing for the Peak Load Season *s* for the year *i*.
LRNSRS $_{s, i}$	MW	*Load Resource providing Non-Spinning Reserve (Non-Spin)*—The amount of Non-Spin a Load Resource is providing for the Peak Load Season *s* for the year *i.*
ERS $_{s, i}$	MW	*Emergency Response Service (ERS)*—The amount of ERS for the Peak Load Season *s* for the year *i* based on: (a) For the winter Peak Load Season of the current year, the amount of ERS procured by ERCOT for the October to January ERS Contract Period using the simple average of two time period procurements (Business Hours and non-Business Hours); (b) For the summer Peak Load Season of the current year, the amount of ERS procured by ERCOT for the May procurement (Business Hours); and (c) For all subsequent years and Peak Load Seasons, escalate the amount of ERS from the previous season by 10%.
CLR $_{s, i}$	MW	*Amount of Controllable Load Resource*—Amount of Controllable Load Resource that is available for Dispatch by ERCOT during the current year *i* for the Peak Load Season *s* not already included in LRRRS or LRNSRS.
ENERGYEFF $_{s, i}$	MW	*Amount of Energy Efficiency Programs Procured*—Amount of energy efficiency programs procured by Transmission and/or Distribution Service Providers (TDSPs) pursuant to P.U.C. SUBST. R. 25.181, Energy Efficiency Goal, for the Peak Load Season *s* for the year *i.*
i	None	Year.
s	None	Peak Load Season.

3.2.6.2.2 Total Capacity Estimate

The total capacity estimate shall be determined based on the following equation:

$$\mathbf{TOTCAP}_{s,i} = \mathbf{INSTCAP}_{s,i} + \mathbf{PUNCAP}_{s,i} + \mathbf{WINDCAP}_{s,i} + \mathbf{RMRCAP}_{s,i} + \mathbf{DCTIECAP}_{s,i} + \mathbf{SWITCHCAP}_{s,i} + \mathbf{MOTHCAP}_{s,i} + \mathbf{PLANNON}_{s,i} + \mathbf{PLANWIND}_{s,i} - \mathbf{UNSWITCH}_{s,i} - \mathbf{RETCAP}_{s,i}$$

The above variables are defined as follows:

Variable	**Unit**	**Definition**
TOTCAP $_{s, i}$	MW	*Total Capacity*—Total Capacity available during the Peak Load Season *s* for the year *i.*
INSTCAP $_{s, i}$	MW	*Seasonal Net Max Sustainable Rating*—The Seasonal net max sustainable rating for the Peak Load Season *s* as reported in the approved Resource registration process for each operating Generation Resource for the year *i* excluding WGRs, Resources operating under RMR Agreements, and Generation Resources capable of "switching" from the ERCOT Region to a non-ERCOT Region.
PUNCAP $_{s, i}$	MW	*Private Use Network Capacity*—The Private Use Network capacities as provided to ERCOT pursuant to Section 3.10.7.3, Modeling of Private Use Networks.

Variable	Unit	Definition
WINDCAP $_{s, i}$	MW	*Effective Load Carrying Capability of WGRs*—The effective Load carrying capability of all existing WGRs as determined by ERCOT for the Peak Load Season *s* for the year *i*.
RMRCAP $_{s, i}$	MW	*Seasonal Net Max Sustainable Rating for Generation Resource providing RMR Service*—The Seasonal net max sustainable rating for the Peak Load Season *s* as reported in the approved Resource registration process for each Generation Resource providing RMR Service for the year *i* until the approved exit strategy for the RMR Resource is expected to be completed.
DCTIECAP $_{s, i}$	MW	*Seasonal Net Max Sustainable Rating for DC Tie Resource*—The Seasonal net max sustainable rating for the Peak Load Season *s* as reported in the approved Resource registration process for each DC Tie Resource for the year *i* multiplied by 50%.
SWITCHCAP $_{s, i}$	MW	*Seasonal Net Max Sustainable Rating for Switching Generation Resource*—The Seasonal net max sustainable rating for the Peak Load Season *s* as reported in the approved Resource asset registration process for each Generation Resource for the year *i* that can electrically connect (i.e., "switch") from the ERCOT Region to another power region.
MOTHCAP $_{s, i}$	MW	*Seasonal Net Max Sustainable Rating for Mothballed Generation Resource*—The Seasonal net max sustainable rating for the Peak Load Season *s* as reported in the approved Resource registration process for each Mothballed Generation Resource for the year *i* based on the lead time and probability information furnished by the owners of Mothballed Generation Resources pursuant to Section 3.14.1.9, Generation Resource Return to Service Updates.
PLANNON $_{s, i}$	MW	*New, non-Wind Generating Capacity*—The amount of new, non-wind generating capacity for the Peak Load Season *s* and year *i* that: (a) has a Texas Commission on Environmental Quality (TCEQ)-approved air permit, and (b) has a signed Standard Generation Interconnect Agreement (SGIA), or a public, financially-binding agreement between the Resource owner and TSP under which generation interconnection facilities would be constructed; or for a Municipally Owned Utility (MOU) or Electric Cooperative (EC), a public commitment letter to construct a new Resource.
PLANWIND $_{s, i}$	MW	*Effective Load Carrying Capability of New IRR Capacity*—The effective Load carrying capability of new IRR capacity as determined by ERCOT for the Peak Load Season *s* and year *i* that has an SGIA or other public, financially-binding agreement between the Resource owner and TSP under which generation interconnection facilities would be constructed or, for a MOU or EC, a public commitment letter to construct a new IRR.
UNSWITCH $_{s, i}$	MW	*Capacity of Unavailable Switchable Generation Resource*—The amount of capacity reported by the owners of a switchable Generation Resource that will be unavailable to ERCOT during the Peak Load Season *s* and year *i* pursuant to paragraph (2) of Section 16.5.4, Maintaining and Updating Resource Entity Information.
RETCAP $_{s, i}$	MW	*Capacity Pending Retirement*—The amount of capacity in Peak Load Season *s* of year *i* that is pending retirement based on information submitted on a Notification of Suspension of Operations form (Section 22, Attachment E, Notification of Suspension of Operations) pursuant to Section 3.14.1.11, Budgeting Eligible Costs, but is under review by ERCOT pursuant to Section 3.14.1.2, ERCOT Evaluation, that has not otherwise been considered in any of the above defined categories.
i	None	Year.
s	None	Peak Load Season.

3.3 Management of Changes to ERCOT Transmission Grid

Additions and changes to the ERCOT System must be coordinated with ERCOT to accurately represent the ERCOT Transmission Grid.

3.3.1 ERCOT Approval of New or Relocated Facilities

Before energizing and placing into service any new or relocated facility connected to the ERCOT Transmission Grid, a TSP, QSE, or Resource Entity shall enter appropriate information in the Outage Scheduler and coordinate with, and receive written notice of approval from, ERCOT.

3.3.2 Types of Work Requiring ERCOT Approval

Each TSP, QSE and Resource Entity shall coordinate with ERCOT the requirements of Section 3.10, Network Operations Modeling and Telemetry, the following types of work for any addition to, replacement of, or change to or removal from the ERCOT Transmission Grid:

(a) Transmission lines;

(b) Equipment including circuit breakers, transformers, disconnects, reactive devices, and wave traps;

(c) Resource interconnections; and

(d) Protection and control schemes, including changes to Remedial Action Plans (RAP), Supervisory Control and Data Acquisition (SCADA) systems, Energy Management Systems (EMS), AGC, or Special Protection Systems (SPS).

3.3.2.1 Information to Be Provided to ERCOT

(1) The energization or removal of a Transmission Facility or Generation Resource in the Network Operations Model requires an entry into the Outage Scheduler by a TSP or Resource Entity. The Resource Entity shall make entries in the Outage Scheduler for Outages of new or relocated Generation Resources. ERCOT shall submit entries into the Outage Scheduler on behalf of the Resource Entity, for any energization or removal of Transmission Facilities owned by the Resource Entity. Once ERCOT posts a Resource Entity Transmission Facility Outage request on the MIS Secure Area, the Resource Entity shall review the submitted Outage for accuracy of information and request that ERCOT submit modifications if necessary. If any changes in system topology or telemetry are expected, then the TSP or Resource Entity shall notify ERCOT in accordance with the schedule in Section 3.3.1, ERCOT Approval of New or Relocated Facilities. Information submitted pursuant to Section 3.3.2.1 for Transmission Facilities within a Private Use Network shall not be publicly posted.

(2) If a Resource Entity within a Private Use Network is adding or removing a Transmission Facility at the Point of Interconnection (POI), it shall inform and determine with ERCOT whether any corresponding Network Operations Model updates are necessary. If ERCOT and the Resource Entity determine that updates are needed, the process set forth in paragraph (1) above shall be used to incorporate the update into the Network Operations Model and Outage Scheduler. Information submitted pursuant to paragraph (1) above shall not be publicly posted.

[NPRR219: Replace paragraphs (1) and (2) above with the following upon system implementation:]

(1) The energization or removal of a Transmission Facility or Generation Resource in the Network Operations Model requires an entry into the Outage Scheduler by a TSP or Resource Entity. For TSP requests, the TSPs shall enter such requests in the Outage Scheduler. For Resource Entity requests, the Resource Entity shall enter such requests in the Outage Scheduler. If any changes in system topology or telemetry are expected, then the TSP or Resource Entity shall notify ERCOT in accordance with the schedule in Section 3.3.1, ERCOT Approval of New or Relocated Facilities. Information submitted pursuant to this subsection for Transmission Facilities within a Private Use Network shall not be publicly posted.

(2) If a Resource Entity within a Private Use Network is adding or removing a Transmission Facility at the Point of Interconnection (POI), it shall inform and determine with ERCOT whether any corresponding Network Operations Model updates are necessary. If ERCOT and the Resource Entity determine that updates are needed, the process set forth in paragraph (1) above shall be used to incorporate the update into the Network Operations Model. Information submitted pursuant to this paragraph (1) above shall not be publicly posted.

(3) TSPs and Resource Entities shall submit any changes in system topology or telemetry in accordance with the Network Operations Model Change Request (NOMCR) process or other ERCOT-prescribed process applicable to Resource Entities and according to the requirements of Section 3.10.1, Time Line for Network Operations Model Changes. The submittal shall include the following:

(a) Proposed energize date;

(b) TSPs or Resource Entities performing work;

(c) TSPs or Resource Entities responsible for rating affected Transmission Element(s);

(d) For Resource Entities, data and information required by Section 16.5, Registration of a Resource Entity;

(e) Station identification code;

(f) Identification of existing Transmission Facilities involved and new Transmission Facilities (if any) being added or existing Transmission Facilities being permanently removed from service;

(g) Ratings of existing Transmission Facilities involved and new Transmission Facilities (if any) being added;

(h) Outages required (clearly identify each Outage if multiple Outages are required), including sequence of Outage and estimate of Outage duration;

(i) General statement of work to be completed with intermediate progress dates and events identified;

(j) SCADA modification work, including descriptions of the telemetry points or changes to existing telemetry, providing information on equipment being installed, changed, or monitored;

(k) Additional data determined by ERCOT and TSPs, or Resource Entities as needed to complete the ERCOT model representation of existing Transmission Facilities involved and new Transmission Facilities (if any) being added;

(l) Statement of completion, including:

  (i) Statement to be made at the completion of each intermediate stage of project; and

  (ii) Statement to be made at completion of total project.

(m) Drawings, including:

  (i) Existing status;

  (ii) Each intermediate stage; and

  (iii) Proposed final configuration.

3.3.2.2 Record of Approved Work

ERCOT shall maintain a record of all work approved in accordance with Section 3.3, Management of Changes to ERCOT Transmission Grid, and shall publish, and update monthly, information on the MIS Secure Area regarding each new Transmission Element to be installed on the ERCOT Transmission Grid.

3.4 Load Zones

ERCOT shall assign every Electrical Bus to a Load Zone for Settlement purposes. ERCOT shall calculate a Settlement Point Price for each Load Zone as the Load-weighted average of the

Locational Marginal Prices (LMPs) at all Electrical Buses assigned to that Load Zone. The Load-weighting must be determined using the Load, if any, from the State Estimator at each Electrical Bus.

3.4.1 Load Zone Types

(1) The Load Zone types are:

(a) the Competitive Load Zones;

(b) the NOIE Load Zones created pursuant to Section 3.4.3, NOIE Load Zones; and

(c) the DC Tie Load Zones as defined in Section 3.4.4, DC Tie Load Zones.

(2) The Competitive Load Zones are the four zones in effect during the 2003 ERCOT market unless they are changed pursuant to Section 3.4.2, Load Zone Modifications, less any Electrical Buses that are assigned to a NOIE Load Zone or a DC Tie Load Zone.

3.4.2 Load Zone Modifications

(1) Load Zones may be added, deleted, or changed, only when approved by the ERCOT Board, with the exception of paragraph (c) of Section 3.4.3, NOIE Load Zones. Approved additions, deletions, or changes go into effect 36 months after the end of the month in which the addition, deletion, or change was approved, with the exception of paragraphs (2) and (3) below.

(2) A NOIE that was included in the establishment of an automatic pre-assigned NOIE Load Zone under paragraph (c) of Section 3.4.3 may elect to be assigned to an appropriate Competitive Load Zone after giving notice of termination of its power supply arrangement if a request to be assigned to a Competitive Load Zone was given to ERCOT 90 days prior to the start of a Congestion Revenue Right (CRR) Long-Term Auction Sequence. The move to a Competitive Load Zone requires ERCOT Board approval and shall be effective no sooner than a date upon which no more than 16% of the transmission topology had been offered for sale in a previous CRR Long-Term Auction Sequence.

(3) A NOIE that was included in a NOIE Load Zone pursuant to paragraph (c) of Section 3.4.3 will be assigned to an appropriate Competitive Load Zone if (i) the NOIE provided notice of termination to ERCOT of its pre-1999 power supply arrangement prior to December 31, 2012, and (ii) the NOIE provided notice to ERCOT of its desire to change to a Competitive Load Zone by March 21, 2013. This Load Zone change will go into effect on January 8, 2014.

[NPRR530: Delete paragraph (3) above on January 9, 2014.]

3.4.3 NOIE Load Zones

The descriptions and conditions set forth below apply to Load Zones established by NOIEs:

(a) There are four NOIE Load Zones that were approved prior to the Texas Nodal Market Implementation Date: Austin Energy, City Public Service, Rayburn Country Electric Cooperative, and Lower Colorado River Authority (LCRA);

(b) Any costs allocated based upon a zonal Load Ratio Share (LRS) must be allocated using "Cost-Allocation Load Zones," which are the four Load Zones in effect during the 2003 ERCOT market unless they are changed pursuant to Section 3.4.2, Load Zone Modifications. For these allocation purposes, any NOIE Load Zone is considered to be located entirely within the 2003 ERCOT Congestion Management Zone (CMZ) that represented the largest Load for that NOIE or group of NOIEs in 2003;

(c) A separate NOIE Load Zone is made up of a group of NOIEs that are parties to the same pre-1999 power supply arrangements and that had an overall 2003 peak Load in excess of 2,300 MW. A NOIE that is a member of this separate NOIE Load Zone and that has given notice of termination of its pre-1999 power supply arrangement may elect to be assigned to an appropriate Competitive Load Zone. Such an election shall be subject to the approval process in Section 3.4.2;

(d) NOIEs may participate in only one NOIE Load Zone, and all Loads served by that NOIE must be contained within that Load Zone;

(e) Except as specified otherwise in this subsection, Load Zones established by NOIEs will be treated the same as other Load Zones, including a 36-month notice requirement for ERCOT Board approval of any changes to Load Zones; and

(f) Three years after a NOIE offers its Customers retail choice, the NOIE's Load must be merged into the appropriate Competitive Load Zone(s). For a Load Zone that is an aggregation of NOIE systems of which less than all of the NOIEs opt into Customer Choice, each remaining NOIE in that NOIE Load Zone may choose to have its Load merged into the appropriate Competitive Load Zone(s) under the same three-year time frame.

3.4.4 DC Tie Load Zones

A DC Tie Load Zone contains only the Electrical Bus in the ERCOT Transmission Grid that connects the DC Tie and is used in the settlement of the DC Tie Load in that zone.

3.4.5 Additional Load Buses

ERCOT shall assign new Electrical Buses to a Load Zone and Cost Allocation Zone in accordance with the following rules; changes are effective immediately:

(a) For each new Electrical Bus serving Load of a NOIE that is a part of a NOIE Load Zone, the new Electrical Bus will be assigned to that NOIE Load Zone;

(b) For each new Electrical Bus not covered in paragraph (a) above, connected via Transmission Facilities to Electrical Buses all located within the same Competitive Load Zone, the new Electrical Bus will be assigned to that Competitive Load Zone;

(c) For each new Electrical Bus not covered in paragraphs (a) or (b) above, ERCOT shall simulate LMPs for the annual peak hour of the system with the new Electrical Bus incorporated into the model. ERCOT shall assign that new Electrical Bus to the Competitive Load Zone with the closest matching zonal Settlement Point Price to the new Electrical Bus's LMP;

(d) For each new Electrical Bus covered in paragraph (a) above and connected via Transmission Facilities to Electrical Buses all located within the same Cost Allocation Zone, then the new Electrical Bus will be assigned to that Cost Allocation Zone;

(e) For each new Electrical Bus covered in paragraph (a) above and not covered in paragraph (d) above, ERCOT shall simulate LMPs for the annual peak hour of the system with the new Electrical Bus incorporated into the model. ERCOT shall assign each new Electrical Bus associated with a NOIE that is a part of a NOIE Load Zone to the Cost Allocation Zone with the closest matching zonal Settlement Point Price to the new Electrical Bus's LMP.

(f) For each new Electrical Bus not covered in paragraph (a), the new Electrical Bus is assigned to the same Cost Allocation Zone as its designated Load Zone;

3.5 Hubs

3.5.1 Process for Defining Hubs

(1) Hubs settled through ERCOT may only be created by an amendment to Section 3.5.2, Hub Definitions. Hubs are made up of one or more Electrical Buses. ERCOT shall post the list of Electrical Buses (including their names) that are part of a Hub on the Market Information System (MIS) Public Area. A Hub, once defined, may not be modified except as explicitly described in the definition of that Hub.

(2) When any Electrical Bus within a Hub Bus is added to the Network Operations Model or the Congestion Revenue Right (CRR) Network Model through changes to the Network Operations Model or CRR Network Model, ERCOT shall provide notice to all Market

Participants as soon as practicable and include that Electrical Bus in the Hub Bus price calculation.

(3) When any Electrical Bus within a Hub Bus is disconnected from the Network Operations Model or the CRR Network Model through operations changes in transmission topology temporarily, ERCOT shall provide notice to all Market Participants as soon as practicable and exclude that Electrical Bus from the Hub Bus price calculation.

(4) In the event of a permanent change that removes the Hub Bus from the ERCOT Transmission Grid, ERCOT shall file a Nodal Protocol Revision Request (NPRR) to revise the appropriate Hub definition.

(5) If a Transmission Service Provider (TSP) or ERCOT plans a nomenclature change in the Network Operations Model or the CRR Network Model, ERCOT shall file a NPRR to include the nomenclature change in the Hub Bus definitions before implementing the name change to either the Network Operations Model or the CRR Network Model.

3.5.2 Hub Definitions

3.5.2.1 North 345 kV Hub (North 345)

(1) The North 345 kV Hub is composed of the following Hub Buses:

	ERCOT Operations		
No.	Hub Bus	kV	Hub
1	ANASW	345	NORTH
2	CN345	345	NORTH
3	WLSH	345	NORTH
4	FMRVL	345	NORTH
5	LPCCS	345	NORTH
6	MNSES	345	NORTH
7	PRSSW	345	NORTH
8	SSPSW	345	NORTH
9	VLSES	345	NORTH
10	ALNSW	345	NORTH
11	ALLNC	345	NORTH
12	BNDVS	345	NORTH
13	BNBSW	345	NORTH
14	BBSES	345	NORTH
15	BOSQUESW	345	NORTH
16	CDHSW	345	NORTH
17	CNTRY	345	NORTH
18	CRLNW	345	NORTH
19	CMNSW	345	NORTH

	ERCOT Operations		
No.	Hub Bus	kV	Hub
20	CNRSW	345	NORTH
21	CRTLD	345	NORTH
22	DCSES	345	NORTH
23	EMSES	345	NORTH
24	ELKTN	345	NORTH
25	ELMOT	345	NORTH
26	EVRSW	345	NORTH
27	KWASS	345	NORTH
28	FGRSW	345	NORTH
29	FORSW	345	NORTH
30	FRNYPP	345	NORTH
31	GIBCRK	345	NORTH
32	HKBRY	345	NORTH
33	VLYRN	345	NORTH
34	JEWET	345	NORTH
35	KNEDL	345	NORTH
36	KLNSW	345	NORTH
37	LCSES	345	NORTH
38	LIGSW	345	NORTH
39	LEG	345	NORTH
40	LFKSW	345	NORTH
41	LWSSW	345	NORTH
42	MLSES	345	NORTH
43	MCCREE	345	NORTH
44	MDANP	345	NORTH
45	ENTPR	345	NORTH
46	NCDSE	345	NORTH
47	NORSW	345	NORTH
48	NUCOR	345	NORTH
49	PKRSW	345	NORTH
50	KMCHI	345	NORTH
51	PTENN	345	NORTH
52	RENSW	345	NORTH
53	RCHBR	345	NORTH
54	RNKSW	345	NORTH
55	RKCRK	345	NORTH
56	RYSSW	345	NORTH
57	SGVSW	345	NORTH
58	SHBSW	345	NORTH
59	SHRSW	345	NORTH
60	SCSES	345	NORTH
61	SYCRK	345	NORTH

	ERCOT Operations		
No.	Hub Bus	kV	Hub
62	THSES	345	NORTH
63	TMPSW	345	NORTH
64	TNP_ONE	345	NORTH
65	TRCNR	345	NORTH
66	TRSES	345	NORTH
67	TOKSW	345	NORTH
68	VENSW	345	NORTH
69	WLVEE	345	NORTH
70	W_DENT	345	NORTH
71	WTRML	345	NORTH
72	WCSWS	345	NORTH
73	WEBB	345	NORTH
74	WHTNY	345	NORTH
75	WCPP	345	NORTH

(2) The North 345 kV Hub Price is the simple average of the Hub Bus prices for each hour of the Settlement Interval of the Day-Ahead Market (DAM) in the Day-Ahead and is the simple average of the time-weighted Hub Bus prices for each 15-minute Settlement Interval in Real-Time, for each Hub Bus included in this Hub.

(3) The Day-Ahead Settlement Point Price of the Hub for a given Operating Hour is calculated as follows:

$$\mathbf{DASPP}_{North345} = \sum_{hb} (\mathbf{HUBDF}_{hb,\,North345} * \mathbf{DAHBP}_{hb,\,North345}), \text{ if } \mathbf{HB}_{North345} \neq 0$$

$$\mathbf{DASPP}_{North345} = \mathbf{DASPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{North345} = 0$$

Where:

$$DAHBP_{hb,\,North345} = \sum_{b} (HBDF_{b,\,hb,\,North345} * DALMP_{b,\,hb,\,North345})$$

$$HUBDF_{hb,\,North345} = IF(HB_{North345}=0,\ 0,\ 1 / HB_{North345})$$

$$HBDF_{b,\,hb,\,North345} = IF(B_{hb,\,North345}=0,\ 0,\ 1 / B_{hb,\,North345})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DASPP_{North345}$	$/MWh	*Day-Ahead Settlement Point Price*—The DAM Settlement Point Price at the Hub, for the hour.
$DAHBP_{hb,\,North345}$	$/MWh	*Day-Ahead Hub Bus Price at Hub Bus*—The DAM energy price at Hub Bus *hb* for the hour.
$DALMP_{b,\,hb,\,North345}$	$/MWh	*Day-Ahead Locational Marginal Price (LMP) at Electrical Bus of Hub Bus*—The DAM LMP at Electrical Bus *b* that is a component of Hub Bus *hb* for the hour.

Variable	Unit	Definition
$HUBDF_{hb, North345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, North345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, North345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{North345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

(4) The Real-Time Settlement Point Price of the Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP}_{North345} = \sum_{hb}(\mathbf{HUBDF}_{hb, North345} * (\sum_{y}(\mathbf{RTHBP}_{hb, North345, y} * \mathbf{TLMP}_{y}) / (\sum_{y}\mathbf{TLMP}_{y}))), \text{ if } \mathbf{HB}_{North345} \neq 0$$

$$\mathbf{RTSPP}_{North345} = \mathbf{RTSPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{North345} = 0$$

Where:

$$RTHBP_{hb, North345, y} = \sum_{b}(HBDF_{b, hb, North345} * RTLMP_{b, hb, North345, y})$$

$$HUBDF_{hb, North345} = IF(HB_{North345}=0, 0, 1 / HB_{North345})$$

$$HBDF_{b, hb, North345} = IF(B_{hb, North345}=0, 0, 1 / B_{hb, North345})$$

The above variables are defined as follows:

Variable	Unit	Description
$RTSPP_{North345}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Hub, for the 15-minute Settlement Interval.
$RTHBP_{hb, North345, y}$	$/MWh	*Real-Time Hub Bus Price at Hub Bus* per Security-Constrained Economic Dispatch (*SCED) interval*—The Real-Time energy price at Hub Bus *hb* for the SCED interval *y*.
$RTLMP_{b, hb, North345, y}$	$/MWh	*Real-Time Locational Marginal Price at Electrical Bus of Hub Bus per interval*—The Real-Time LMP at Electrical Bus *b* that is a component of Hub Bus *hb*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the 15-minute Settlement Interval
$HUBDF_{hb, North345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, North345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.

b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, North345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{North345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

3.5.2.2 South 345 kV Hub (South 345)

(1) The South 345 kV Hub is composed of the following Hub Buses:

	ERCOT Operations		
No.	Hub Bus	kV	Hub
1	AUSTRO	345	SOUTH
2	BLESSING	345	SOUTH
3	CAGNON	345	SOUTH
4	COLETO	345	SOUTH
5	CLEASP	345	SOUTH
6	NEDIN	345	SOUTH
7	FAYETT	345	SOUTH
8	FPPYD1	345	SOUTH
9	FPPYD2	345	SOUTH
10	GARFIE	345	SOUTH
11	GUADG	345	SOUTH
12	HAYSEN	345	SOUTH
13	HILLCTRY	345	SOUTH
14	HOLMAN	345	SOUTH
15	KENDAL	345	SOUTH
16	LA_PALMA	345	SOUTH
17	LON_HILL	345	SOUTH
18	LOSTPI	345	SOUTH
19	LYTTON_S	345	SOUTH
20	MARION	345	SOUTH
21	PAWNEE	345	SOUTH
22	RIOHONDO	345	SOUTH
23	RIONOG	345	SOUTH
24	SALEM	345	SOUTH
25	SANMIGL	345	SOUTH
26	SKYLINE	345	SOUTH
27	STP	345	SOUTH
28	CALAVERS	345	SOUTH
29	BRAUNIG	345	SOUTH
30	WHITE_PT	345	SOUTH
31	ZORN	345	SOUTH

(2) The South 345 kV Hub Price is the simple average of the Hub Bus prices for each hour of the Settlement Interval of the DAM in the Day-Ahead and is the simple average of the time-weighted Hub Bus prices for each 15-minute Settlement Interval in Real-Time, for each Hub Bus included in this Hub.

(3) The Day-Ahead Settlement Point Price of the Hub for a given Operating Hour is calculated as follows:

$$\mathbf{DASPP}_{South345} = \sum_{hb} (\mathbf{HUBDF}_{hb, South345} * \mathbf{DAHBP}_{hb, South345}) \text{ , if } \mathbf{HB}_{South345} \neq 0$$

$$\mathbf{DASPP}_{South345} = \mathbf{DASPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{South345} = 0$$

Where:

$$DAHBP_{hb, South345} = \sum_{b} (HBDF_{b, hb, South345} * DALMP_{b, hb, South345})$$

$$HUBDF_{hb, South345} = IF(HB_{South345}=0, 0, 1 / HB_{South345})$$

$$HBDF_{b, hb, South345} = IF(B_{hb, South345}=0, 0, 1 / B_{hb, South345})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DASPP_{South345}$	$/MWh	*Day-Ahead Settlement Point Price*—The DAM Settlement Point Price at the Hub, for the hour.
$DAHBP_{hb, South345}$	$/MWh	*Day-Ahead Hub Bus Price at Hub Bus*—The DAM energy price at Hub Bus *hb* for the hour.
$DALMP_{b, hb, South345}$	$/MWh	*Day-Ahead Locational Marginal Price at Electrical Bus of Hub Bus*—The DAM LMP at Electrical Bus *b* that is a component of Hub Bus *hb* for the hour.
$HUBDF_{hb, South345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, South345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, South345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{South345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

(4) The Real-Time Settlement Point Price of the Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP}_{South345} = \sum_{hb} (\mathbf{HUBDF}_{hb, South345} * (\sum_{y} (\mathbf{RTHBP}_{hb, South345, y} * \mathbf{TLMP}_{y}) / (\sum_{y} \mathbf{TLMP}_{y}))), \text{ if } \mathbf{HB}_{South345} \neq 0$$

$$\mathbf{RTSPP}_{South345} = \mathbf{RTSPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{South345} = 0$$

Where:

$$RTHBP_{hb, South345, y} = \sum_{b} (HBDF_{b, hb, South345} * RTLMP_{b, hb, South345, y})$$

$$HUBDF_{hb, South345} = IF(HB_{South345}=0, 0, 1 / HB_{South345})$$

$$HBDF_{b, hb, South345} = IF(B_{hb, South345}=0, 0, 1 / B_{hb, South345})$$

The above variables are defined as follows:

Variable	Unit	Description
$RTSPP_{South345}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Hub, for the 15-minute Settlement Interval.
$RTHBP_{hb, South345, y}$	$/MWh	*Real-Time Hub Bus Price at Hub Bus per SCED interval*—The Real-Time energy price at Hub Bus *hb* for the SCED interval *y*.
$RTLMP_{b, hb, South345, y}$	$/MWh	*Real-Time Locational Marginal Price at Electrical Bus of Hub Bus per interval*—The Real-Time LMP at Electrical Bus *b* that is a component of Hub Bus *hb*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the 15-minute Settlement Interval
$HUBDF_{hb, South345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, South345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, South345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{South345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

3.5.2.3 Houston 345 kV Hub (Houston 345)

(1) The Houston 345 kV Hub is composed of the following listed Hub Buses:

	ERCOT Operations		
No.	Hub Bus	kV	Hub
1	ADK	345	HOUSTON
2	BI	345	HOUSTON
3	CBY	345	HOUSTON
4	CTR	345	HOUSTON
5	CHB	345	HOUSTON
6	DPW	345	HOUSTON
7	DOW	345	HOUSTON
8	RNS	345	HOUSTON

	ERCOT Operations		
No.	Hub Bus	kV	Hub
9	GBY	345	HOUSTON
10	_JN	345	HOUSTON
11	_KG	345	HOUSTON
12	KDL	345	HOUSTON
13	_NB	345	HOUSTON
14	_OB	345	HOUSTON
15	PHR	345	HOUSTON
16	SDN	345	HOUSTON
17	SMITHERS	345	HOUSTON
18	THW	345	HOUSTON
19	WAP	345	HOUSTON
20	_WO	345	HOUSTON

(2) The Houston 345 kV Hub Price is the simple average of the Hub Bus prices for each hour of the Settlement Interval of the DAM in the Day-Ahead and is the simple average of the time-weighted Hub Bus prices for each 15-minute Settlement Interval in Real-Time, for each Hub Bus included in this Hub.

(3) The Day-Ahead Settlement Point Price of the Hub for a given Operating Hour is calculated as follows:

$$\mathbf{DASPP}_{Houston345} = \sum_{hb} (\mathbf{HUBDF}_{hb,\,Houston345} * \mathbf{DAHBP}_{hb,\,Houston345}), \text{ if } \mathbf{HB}_{Houston345} \neq 0$$

$$\mathbf{DASPP}_{Houston345} = \mathbf{DASPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{Houston345} = 0$$

Where:

$$DAHBP_{hb,\,Houston345} = \sum_{b} (HBDF_{b,\,hb,\,Houston345} * DALMP_{b,\,hb,\,Houston345})$$

$$HUBDF_{hb,\,Houston345} = IF(HB_{Houston345}=0,\ 0,\ 1 / HB_{Houston345})$$

$$HBDF_{b,\,hb,\,Houston345} = IF(B_{hb,\,Houston345}=0,\ 0,\ 1 / B_{hb,\,Houston345})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DASPP_{Houston345}$	$/MWh	*Day-Ahead Settlement Point Price*—The DAM Settlement Point Price at the Hub, for the hour.
$DAHBP_{hb,\,Houston345}$	$/MWh	*Day-Ahead Hub Bus Price at Hub Bus*—The DAM energy price at Hub Bus *hb* for the hour.
$DALMP_{b,\,hb,\,Houston345}$	$/MWh	*Day-Ahead Locational Marginal Price at Electrical Bus of Hub Bus*—The DAM LMP at Electrical Bus *b* that is a component of Hub Bus *hb* for the hour.
$HUBDF_{hb,\,Houston345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.

Variable	Unit	Definition
$HBDF_{b, hb, Houston345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, Houston345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{Houston345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

(4) The Real-Time Settlement Point Price of the Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP}_{Houston345} = \sum_{hb} (\mathbf{HUBDF}_{hb, Houston345} * (\sum_{y} (\mathbf{RTHBP}_{hb, Houston345, y} * \mathbf{TLMP}_{y}) / (\sum_{y} \mathbf{TLMP}_{y}))), \text{ if } \mathbf{HB}_{Houston345} \neq 0$$

$$\mathbf{RTSPP}_{Houston345} = \mathbf{RTSPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{Houston345} = 0$$

Where:

$$RTHBP_{hb, Houston345, y} = \sum_{b} (HBDF_{b, hb, Houston345} * RTLMP_{b, hb, Houston345, y})$$

$$HUBDF_{hb, Houston345} = IF(HB_{Houston345}=0, 0, 1 / HB_{Houston345})$$

$$HBDF_{b, hb, Houston345} = IF(B_{hb, Houston345}=0, 0, 1 / B_{hb, Houston345})$$

The above variables are defined as follows:

Variable	Unit	Description
$RTSPP_{Houston345}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Hub, for the 15-minute Settlement Interval.
$RTHBP_{hb, Houston345, y}$	$/MWh	*Real-Time Hub Bus Price at Hub Bus per SCED interval*—The Real-Time energy price at Hub Bus *hb* for the SCED interval *y*.
$RTLMP_{b, hb, Houston345, y}$	$/MWh	*Real-Time Locational Marginal Price at Electrical Bus of Hub Bus per interval*—The Real-Time LMP at Electrical Bus *b* that is a component of Hub Bus *hb*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the 15-minute Settlement Interval
$HUBDF_{hb, Houston345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, Houston345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, Houston345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.

Variable	Unit	Description
$HB_{Houston345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

3.5.2.4 West 345 kV Hub (West 345)

(1) The West 345 kV Hub is composed of the following listed Hub Buses:

	ERCOT Operations		
No.	Hub Bus	kV	Hub
1	ABMB	345	WEST
2	BOMSW	345	WEST
3	OECCS	345	WEST
4	BTRCK	345	WEST
5	FSHSW	345	WEST
6	FLCNS	345	WEST
7	GRSES	345	WEST
8	JCKSW	345	WEST
9	MDLNE	345	WEST
10	MOSSW	345	WEST
11	MGSES	345	WEST
12	DCTM	345	WEST
13	ODEHV	345	WEST
14	OKLA	345	WEST
15	SARC	345	WEST
16	SWESW	345	WEST
17	TWINBUTE	345	WEST

(2) The West 345 kV Hub Price is the simple average of the Hub Bus prices for each hour of the Settlement Interval of the DAM in the Day-Ahead and is the simple average of the time weighted Hub Bus prices for each 15-minute Settlement Interval in Real-Time, for each Hub Bus included in this Hub.

(3) The Day-Ahead Settlement Point Price of the Hub for a given Operating Hour is calculated as follows:

$$\mathbf{DASPP}_{West345} = \sum_{hb} (\mathbf{HUBDF}_{hb, West345} * \mathbf{DAHBP}_{hb, West345}), \text{ if } \mathbf{HB}_{West345} \neq 0$$

$$\mathbf{DASPP}_{West345} = \mathbf{DASPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{West345} = 0$$

Where:

$$DAHBP_{hb, West345} = \sum_{b} (HBDF_{b, hb, West345} * DALMP_{b, hb, West345})$$

$$HUBDF_{hb, West345} = IF(HB_{West345}=0, 0, 1 / HB_{West345})$$

$$HBDF_{b, hb, West345} = IF(B_{hb, West345}=0, 0, 1 / B_{hb, West345})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DASPP_{West345}$	$/MWh	*Day-Ahead Settlement Point Price*—The DAM Settlement Point Price at the Hub, for the hour.
$DAHBP_{hb, West345}$	$/MWh	*Day-Ahead Hub Bus Price at Hub Bus*—The DAM energy price at Hub Bus *hb* for the hour.
$DALMP_{b, hb, West345}$	$/MWh	*Day-Ahead Locational Marginal Price at Electrical Bus of Hub Bus*—The DAM LMP at Electrical Bus *b* that is a component of Hub Bus *hb* for the hour.
$HUBDF_{hb, West345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, West345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, West345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{West345}$	none	The total number of Hub Buses in the Hub.

(4) The Real-Time Settlement Point Price of the Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP}_{West345} = \sum_{hb}(\mathbf{HUBDF}_{hb, West345} * (\sum_{y}(\mathbf{RTHBP}_{hb, West345, y} * \mathbf{TLMP}_{y}) / (\sum_{y}\mathbf{TLMP}_{y}))), \text{ if } \mathbf{HB}_{West345} \neq 0$$

$$\mathbf{RTSPP}_{West345} = \mathbf{RTSPP}_{ERCOT345Bus}, \text{ if } \mathbf{HB}_{West345} = 0$$

Where:

$$RTHBP_{hb, West345, y} = \sum_{b}(HBDF_{b, hb, West345} * RTLMP_{b, hb, West345, y})$$

$$HUBDF_{hb, West345} = IF(HB_{West345}=0, 0, 1 / HB_{West345})$$

$$HBDF_{b, hb, West345} = IF(B_{hb, West345}=0, 0, 1 / B_{hb, West345})$$

The above variables are defined as follows:

Variable	Unit	Description
$RTSPP_{West345}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Hub, for the 15-minute Settlement Interval.
$RTHBP_{hb, West345, y}$	$/MWh	*Real-Time Hub Bus Price at Hub Bus per SCED interval*—The Real-Time energy price at Hub Bus *hb* for the SCED interval *y*.
$RTLMP_{b, hb, West345, y}$	$/MWh	*Real-Time Locational Marginal Price at Electrical Bus of Hub Bus per*

Variable	Unit	Description
		interval—The Real-Time LMP at Electrical Bus *b* that is a component of Hub Bus *hb*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the 15-minute Settlement Interval
$HUBDF_{hb, West345}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, West345}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, West345}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
hb	none	A Hub Bus that is a component of the Hub.
$HB_{West345}$	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.

3.5.2.5 ERCOT Hub Average 345 kV Hub (ERCOT 345)

(1) The ERCOT Hub Average 345 kV Hub price, for both Day-Ahead and Real-Time, is the simple average of four prices from the applicable time period: the North 345 kV Hub price, the South 345 kV Hub price, the Houston 345 kV Hub price, and the West 345 kV Hub price.

(2) The Day-Ahead Settlement Point Price for the Hub "ERCOT 345" for a given Operating Hour is calculated as follows:

$$\mathbf{DASPP}_{ERCOT345} = \mathbf{(DASPP}_{North345} + \mathbf{DASPP}_{South345} + \mathbf{DASPP}_{Houston345} + \mathbf{DASPP}_{West345}\mathbf{) / 4}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DASPP_{ERCOT345}$	$/MWh	*Day-Ahead Settlement Point Price at ERCOT 345*—The DAM Settlement Point Price at ERCOT 345 Hub for the hour.
$DASPP_{North345}$	$/MWh	*Day-Ahead Settlement Point Price at North 345*—The DAM Settlement Point Price at the North 345 Hub for the hour.
$DASPP_{South345}$	$/MWh	*Day-Ahead Settlement Point Price at South 345*—The DAM Settlement Point Price at the South 345 Hub for the hour.
$DASPP_{Houston345}$	$/MWh	*Day-Ahead Settlement Point Price at Houston 345*—The DAM Settlement Point Price at the Houston 345 Hub for the hour.
$DASPP_{West345}$	$/MWh	*Day-Ahead Settlement Point Price at West 345*—The DAM Settlement Point Price at the West 345 Hub for the hour.

(3) The Real-Time Settlement Point Price for the Hub "ERCOT 345" for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP}_{ERCOT345} = \mathbf{(RTSPP}_{North345} + \mathbf{RTSPP}_{South345} + \mathbf{RTSPP}_{Houston345} + \mathbf{RTSPP}_{West345}\mathbf{) / 4}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RTSPP_{ERCOT345}$	$/MWh	*Real-Time Settlement Point Price at ERCOT 345*—The *Real-Time* Settlement Point Price at ERCOT 345 Hub for the 15-minute Settlement Interval.
$RTSPP_{North345}$	$/MWh	*Real-Time Settlement Point Price at North 345*—The Real-Time Settlement Point Price at the North 345 Hub for the 15-minute Settlement Interval.
$RTSPP_{South345}$	$/MWh	*Real-Time Settlement Point Price at South 345*—The Real-Time Settlement Point Price at the South 345 Hub for the 15-minute Settlement Interval.
$RTSPP_{Houston345}$	$/MWh	*Real-Time Settlement Point Price at Houston 345*—The Real-Time Settlement Point Price at the Houston 345 Hub for the 15-minute Settlement Interval.
$RTSPP_{West345}$	$/MWh	*Real-Time Settlement Point Price at West 345*—The Real-Time Settlement Point Price at the West 345 Hub for the 15-minute Settlement Interval.

3.5.2.6 ERCOT Bus Average 345 kV Hub (ERCOT 345 Bus)

(1) The ERCOT Bus Average 345 kV Hub is composed of the Hub Buses listed in Section 3.5.2.1, North 345 kV Hub (North 345); Section 3.5.2.2, South 345 kV Hub (South 345); Section 3.5.2.3, Houston 345 kV Hub (Houston 345); and Section 3.5.2.4,West 345 kV Hub (West 345).

(2) The ERCOT Bus Average 345 kV Hub is the simple average of the Hub Bus prices for each hour of the Settlement Interval of the DAM in the Day-Ahead and is the simple average of the time weighted Hub Bus prices for each 15-minute Settlement Interval in Real-Time, for each Hub Bus included in this Hub.

(3) The Day-Ahead Settlement Point Price of the Hub for a given Operating Hour is calculated as follows:

$$\mathbf{DASPP}_{ERCOT345Bus} = \sum_{hb} \mathbf{(HUBDF}_{hb,\,ERCOT345Bus} * \mathbf{DAHBP}_{hb,\,ERCOT345Bus}\mathbf{)}, \text{ if } \mathbf{HB}_{ERCOT345Bus} \neq \mathbf{0}$$

$$\mathbf{DASPP}_{ERCOT345Bus} = \mathbf{0}, \text{ if } \mathbf{HB}_{ERCOT345Bus} = \mathbf{0}$$

Where:

$$DAHBP_{hb,\,ERCOT345Bus} = \sum_{b} (HBDF_{b,\,hb,\,ERCOT345Bus} * DALMP_{b,\,hb,\,ERCOT345Bus})$$

$$HUBDF_{hb,\,ERCOT345Bus} = 1 / (HB_{North345} + HB_{South345} + HB_{Houston345} + HB_{West345})$$

If Electrical Bus *b* is a component of "North 345"

$$HBDF_{b,\,hb,\,ERCOT345Bus} = IF(B_{hb,\,North345}=0,\ 0,\ 1 / B_{hb,\,North345})$$

Otherwise

If Electrical Bus *b* is a component of "South 345"

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, South345}=0, 0, 1 / B_{hb, South345})$$

Otherwise

If Electrical Bus *b* is a component of "Houston 345"

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, Houston345}=0, 0, 1 / B_{hb, Houston345})$$

Otherwise

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, West345}=0, 0, 1 / B_{hb, West345})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DASPP_{ERCOT345Bus}$	$/MWh	*Day-Ahead Settlement Point Price*—The DAM Settlement Point Price at the Hub, for the hour.
$DAHBP_{hb, ERCOT345Bus}$	$/MWh	*Day-Ahead Hub Bus Price at Hub Bus*—The DAM energy price at Hub Bus *hb* for the hour.
$DALMP_{b, hb, ERCOT345Bus}$	$/MWh	*Day-Ahead Locational Marginal Price at Electrical Bus of Hub Bus*—The DAM LMP at Electrical Bus *b* that is a component of Hub Bus *hb* for the hour.
$HUBDF_{hb, ERCOT345Bus}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, ERCOT345Bus}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, North345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "North 345".
$B_{hb, South345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "South 345".
$B_{hb, Houston345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "Houston 345".
$B_{hb, West345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "West 345".
hb	none	A Hub Bus that is a component of the Hub.
$HB_{North345}$	none	The total number of Hub Buses in "North 345".
$HB_{South345}$	none	The total number of Hub Buses in "South 345".
$HB_{Houston345}$	none	The total number of Hub Buses in "Houston 345".
$HB_{West345}$	none	The total number of Hub Buses in "West 345".

(4) The Real-Time Settlement Point Price of the Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP}_{ERCOT345Bus} = \sum_{hb}(\mathbf{HUBDF}_{hb, ERCOT345Bus} * (\sum_{y}(\mathbf{RTHBP}_{hb, ERCOT345Bus, y} * \mathbf{TLMP}_{y}) / (\sum_{y}\mathbf{TLMP}_{y}))), \text{ if } \mathbf{HB}_{ERCOT345Bus} \neq 0$$

$$\mathbf{RTSPP}_{ERCOT345Bus} = 0, \text{ if } \mathbf{HB}_{ERCOT345Bus} = 0$$

Where:

$$RTHBP_{hb, ERCOT345Bus, y} = \sum_{b} (HBDF_{b, hb, ERCOT345Bus} * RTLMP_{b, hb, ERCOT345Bus, y})$$

$$HUBDF_{hb, ERCOT345Bus} = 1 / (HB_{North345} + HB_{South345} + HB_{Houston345} + HB_{West345})$$

If Electrical Bus *b* is a component of "North 345"

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, North345}=0, 0, 1 / B_{hb, North345})$$

Otherwise

If Electrical Bus *b* is a component of "South 345"

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, South345}=0, 0, 1 / B_{hb, South345})$$

Otherwise

If Electrical Bus *b* is a component of "Houston 345"

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, Houston345}=0, 0, 1 / B_{hb, Houston345})$$

Otherwise

$$HBDF_{b, hb, ERCOT345Bus} = IF(B_{hb, West345}=0, 0, 1 / B_{hb, West345})$$

The above variables are defined as follows:

Variable	Unit	Description
$RTSPP_{ERCOT345Bus}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Hub, for the 15-minute Settlement Interval.
$RTHBP_{hb, ERCOT345Bus, y}$	$/MWh	*Real-Time Hub Bus Price at Hub Bus per SCED interval*—The Real-Time energy price at Hub Bus *hb* for the SCED interval *y*.
$RTLMP_{b, hb, ERCOT345Bus, y}$	$/MWh	*Real-Time Locational Marginal Price at Electrical Bus of Hub Bus per interval*—The Real-Time LMP at Electrical Bus *b* that is a component of Hub Bus *hb*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the 15-minute Settlement Interval
$HUBDF_{hb, ERCOT345Bus}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, ERCOT345Bus}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An energized Electrical Bus that is a component of a Hub Bus.
$B_{hb, North345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "North 345".
$B_{hb, South345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "South 345".
$B_{hb, Houston345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "Houston 345".
$B_{hb, West345}$	none	The total number of energized Electrical Buses in Hub Bus *hb* that is a component of "West 345".
hb	none	A Hub Bus that is a component of the Hub.
$HB_{North345}$	none	The total number of Hub Buses in "North 345".

Variable	Unit	Description
$HB_{South345}$	none	The total number of Hub Buses in "South 345".
$HB_{Houston345}$	none	The total number of Hub Buses in "Houston 345".
$HB_{West345}$	none	The total number of Hub Buses in "West 345".

3.5.3 ERCOT Responsibilities for Managing Hubs

3.5.3.1 Posting of Hub Buses and Electrical Buses included in Hubs

ERCOT shall post a list of all the Hub Buses included in each Hub on the MIS Public area. The list must include the name and kV rating for each Electrical Bus included in each Hub Bus.

3.5.3.2 Calculation of Hub Prices

ERCOT shall calculate Hub prices for each Settlement Interval as identified in the description of each Hub.

3.6 Load Participation

(1) Load Resources may participate by providing the following types of service:

(a) Ancillary Service:

(i) Regulation Up (Reg-Up) Service;

(ii) Regulation Down (Reg-Down) Service;

(iii) Responsive Reserve (RRS) Service;

(iv) Non-Spinning Reserve (Non-Spin) Service; and

(b) Voluntary load response in Real-Time.

(2) Except for voluntary load response, loads participating in any ERCOT market must be individually registered as a Load Resource by Electric Service Identifier (ESI ID) and are subject to qualification testing administered by ERCOT. All ERCOT Settlements resulting from Load Resource participation are made only with the QSE representing the Load Resource.

[NPRR555: Replace Section 3.6 above with the following upon system implementation:]

3.6 Load Participation

3.6.1 Load Resource Participation

(1) A Load Resource may participate by providing:

(a) Ancillary Service:

(i) Regulation Up (Reg-Up) Service as a Controllable Load Resource capable of providing Primary Frequency Response;

(ii) Regulation Down (Reg-Down) Service as a Controllable Load Resource capable of providing Primary Frequency Response;

(iii) Responsive Reserve (RRS) Service as a Controllable Load Resource qualified for Security-Constrained Economic Dispatch (SCED) Dispatch and capable of providing Primary Frequency Response, or as a Load Resource controlled by high-set under-frequency relay; and

(iv) Non-Spinning Reserve (Non-Spin) Service as a Controllable Load Resource qualified for SCED Dispatch;

(b) Energy in the form of Demand response from a Controllable Load Resource in Real-Time via SCED;

(c) Emergency Response Service (ERS) for hours in which the Load Resource does not have an Ancillary Service Resource Responsibility; and

(d) Voluntary Load response in Real-Time.

(2) Except for voluntary Load response and ERS, loads participating in any ERCOT market must be registered as a Load Resource and are subject to qualification testing administered by ERCOT. All ERCOT Settlements resulting from Load Resource participation are made only with the QSE representing the Load Resource.

(3) The Settlement Point for a Controllable Load Resource with a Real-Time Market (RTM) Energy Bid is its Load Zone Settlement Point.

[NPRR555: Insert Section 3.6.2 below upon system implementation:]

3.6.2 Decision-Making Authority for a SCED-Qualified Controllable Load Resource

Each Resource Entity for a SCED-qualified Controllable Load Resource shall submit a declaration to ERCOT, using a form designated by ERCOT, as to which Entity has the decision-making authority for each of its SCED-qualified Controllable Load Resources. The declaration shall be signed by the Authorized Representative of the Resource Entity. In addition, each Resource Entity that owns a SCED-qualified Controllable Load Resource shall Notify ERCOT

of any known changes in that declaration no later than 14 days prior to the date that the change takes effect or as soon as possible in a situation where the Resource Entity is unable to meet the 14-day Notice requirement. Upon ERCOT's request, each Resource Entity for a SCED-qualified Controllable Load Resource shall provide ERCOT with sufficient information or documentation to verify control of the Resource. ERCOT shall apply decision-making authority to Managed Capacity for an Entity effective the first Operating Hour of the Operating Day ERCOT satisfactorily confirms the Resource Entity's most recent declaration, but not sooner than the effective date specified on the Resource Entity's most recent declaration. "Managed Capacity for an Entity" is a SCED-qualified Controllable Load Resource for which the Entity or its Affiliates has the decision-making authority over how the Resource is bid, in accordance with subsection (d) of P.U.C. SUBST. R. 25.502, Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas.

3.7 Resource Parameters

(1) A Resource Entity shall register Resource Parameters for its Resources with ERCOT.

(2) ERCOT shall provide each Qualified Scheduling Entity (QSE) that represents a Resource the ability to submit changes to Resource Parameters for that Resource.

(3) The QSE may revise Resource Parameters only with sufficient documentation to justify a change in Resource Parameters.

(4) ERCOT shall use the Resource Parameters as inputs into the Day-Ahead Market (DAM), Reliability Unit Commitment (RUC), Security-Constrained Economic Dispatch (SCED), Resource Limit Calculator, Load Frequency Control (LFC), and other ERCOT business processes.

(5) The Independent Market Monitor (IMM) may require the QSE to provide justification for the Resource Parameters submitted.

(6) The QSE or Resource Entity must update any Resource Parameter for a specific Resource:

(a) Within ten Business Days of completion of a Net Dependable Capability test to reflect the results of the test;

(b) Within ten Business Days of completion of a reactive capability test to reflect the results of the test;

(c) Within ten Business Days of a request by ERCOT to check or update a specific Resource Parameter; and

(d) Within ten Business Days of a known change to any Resource Parameter.

3.7.1 Resource Parameter Criteria

3.7.1.1 Generation Resource Parameters

(1) General Resource Parameters submitted by a Resource Entity must include the following for each of its Generation Resources:

(a) The Resource's name;

(b) High Reasonability Limit (HRL) used in Incremental and Decremental Energy Offer Curves and to verify operator entries of High Sustained Limit (HSL);

(c) Low Reasonability Limit (LRL) used in Incremental and Decremental Energy Offer Curves and to verify operator entries of Low Sustained Limit (LSL);

(d) Type of Resource – steam turbine, hydro, gas turbine, combined cycle, other;

(e) Qualifying Facility (QF) status, if applicable;

(f) Normal Ramp Rate curve;

(g) Emergency Ramp Rate curve;

(h) Minimum On-Line time – The minimum number of consecutive hours the Resource must be On-Line before being shut down;

(i) Minimum Off-Line time – The minimum number of consecutive hours the Resource must be Off-Line before being restarted;

(j) Hot start time – The time, in hours, from the ERCOT notice to LSL, for a Resource in its hot-temperature state;

(k) Intermediate start time – The time interval, in hours, from the ERCOT notice to LSL, for a Resource in its intermediate temperature state; and

(l) Cold start time – The time interval, in hours, from the ERCOT notice to LSL, for a Resource in its cold-temperature state.

(2) Seasonal Resource Parameters must be submitted by a Resource Entity and must include the following for each of its Generation Resources:

(a) Seasonal gross and net MW rating;

(b) Conversion constants to be used to convert from gross MW to net MW or net MW to gross MW in accordance with ERCOT Operating Guides, if applicable;

(c) Maximum weekly starts – The maximum number of times a Resource can be started in seven consecutive days under normal operating conditions;

(d) Maximum On-Line time – The maximum number of consecutive hours a Resource can run before it needs to be shut down;

(e) Maximum daily starts – The maximum number of times a Resource can be started in a 24 hour period under normal operating conditions;

(f) Maximum weekly energy – The maximum amount of energy, in MWh, a Resource can produce in seven consecutive days;

(g) Hot-to-intermediate time – The time, in hours, after shutdown that a hot-temperature-state Resource takes to cool down to intermediate-temperature state; and

(h) Intermediate-to-cold time – The time, in hours, after shutdown that an intermediate-temperature-state Resource takes to cool down to cold-temperature state.

3.7.1.2 Load Resource Parameters

(1) Resource Parameters submitted by a Resource Entity, which may be adjusted to reflect Distribution Losses in accordance with Section 8.1.1.2, General Capacity Testing Requirements, must include the following for each of its Load Resources that is not a Controllable Load Resource:

(a) The Resource's name;

(b) High reasonability limit used to verify operator entries for HSL;

(c) Low reasonability limit used to verify operator entries for LSL;

(d) Minimum interruption time – The minimum number of consecutive hours the Resource can be deployed (between breaker open to breaker close);

(e) Minimum restoration time – The minimum number of consecutive hours the Resource must remain energized (not deployed), from the time the Resource is restored from interruption and available for the next potential interruption;

(f) Maximum weekly deployments – The maximum number of times the Resource can be deployed in seven consecutive days under normal operating conditions;

(g) Maximum interruption time – The maximum number of consecutive hours the Resource can remain deployed before it needs to be energized;

(h) Maximum daily deployments – The maximum number of times the Resource can be deployed in a day under normal operating conditions;

(i) Maximum weekly energy – The maximum amount of energy, in MWh, a for which the Resource can be deployed in seven consecutive days; and

(j) Minimum notice time – The notice time that the Resource requires before deployment (e.g., instantaneous, 30 minutes, etc.).

(2) Resource Parameters submitted by a Resource Entity, which may be adjusted to reflect Distribution Losses in accordance with Section 8.1.1.2, must include the following for each of its Controllable Load Resources:

[NPRR555: Replace paragraph (2) above with the following upon system implementation:]

(2) Resource Parameters submitted by a Resource Entity, which may be adjusted to reflect Distribution Losses in accordance with Section 8.1.1.2, must include the following for each of its Controllable Load Resources, including Aggregate Load Resources (ALRs):

(a) The Resource's name;

(b) High reasonability limit used to verify operator entries for the HSL;

(c) Low reasonability limit used to verify operator entries for the LSL;

(d) Normal Ramp Rate curve;

(e) Emergency Ramp Rate curve;

(f) Maximum deployment time – The maximum amount of time a Controllable Load Resource can be deployed before it must return to normal operating conditions; and

(g) Maximum weekly energy – The maximum amount of energy a Controllable Load Resource can be deployed in seven consecutive days.

[NPRR555: Insert paragraph (3) below upon system implementation:]

(3) Resource Parameters submitted by a Resource Entity must also include, for each of its ALRs, mapping between the ALR and the individually metered Loads, by Electric Service Identifier (ESI ID) or, in the case of a Non-Opt-In Entity (NOIE), equivalent unique meter identifier, comprising the ALR.

3.7.1.3 Changes in Resource Parameters with Operational Impacts

The QSE representing each Resource shall have the responsibility to submit changes to Resource Parameters for those Resource Parameters related to the Current Operating Plan (COP), as described in Section 3.9, Current Operating Plan (COP), and to Real-Time operations as described in Section 6, Adjustment Period and Real-Time Operations. If the QSE cancels a Resource Parameter submission, ERCOT will use as a default the Resource Parameter that was

provided through the registration or Network Operations Model Change Request (NOMCR) process.

3.7.2 Resource Parameter Validation

ERCOT shall verify that changes to Resource Parameters submitted by a Resource Entity or the QSE representing the Resource comply with the applicable criteria in Section 3.7.1, Resource Parameter Criteria. If a Resource Parameter is determined to be invalid, then ERCOT shall reject it and provide written notice to the Resource Entity or the QSE representing the Resource, as appropriate, of the reason for the rejection.

3.8 Special Considerations for Split Generation Meters, Combined Cycle Generation Resources, Quick Start Generation Resources, and Hydro Generation Resources

3.8.1 Split Generation Resources

(1) When a generation meter is split, as provided for in Section 10.3.2.1, Generation Resource Meter Splitting, two or more independent Generation Resources must be created in the ERCOT Network Operations Model according to Section 3.10.7.2, Modeling of Resources and Transmission Loads, to function in all respects as Split Generation Resources in ERCOT System operation. A Combined Cycle Train may not be registered in ERCOT as a Split Generation Resource.

(2) Each Qualified Scheduling Entity (QSE) representing a Split Generation Resource shall collect and shall submit to ERCOT the Resource Parameters defined under Section 3.7, Resource Parameters, for the Split Generation Resource it represents. The parameters provided must be consistent with the parameters submitted by each other QSE that represents a Split Generation Resource from the same Generation Resource. The parameters submitted for each Split Generation Resource for limits and ramp rates must be according to the capability of the Split Generation Resource represented by the QSE. Startup and shutdown times, time to change status and number of starts must be identical for all the Split Generation Resources from the same Generation Resource submitted by each QSE. ERCOT shall review data submitted by each QSE representing Split Generation Resources for consistency and notify each QSE of any errors.

(3) Each Split Generation Resource may be represented by a different QSE. The Resource Entities that own or control the Split Generation Resources from a single Generation Resource must designate a Master QSE. Each QSE representing a Split Generation Resource must comply in all respects to the requirements of a Generation Resource specified under these Protocols.

(4) The Master QSE shall:

(a) Serve as the Single Point of Contact for the Generation Resource, as required by Section 3.1.4.1, Single Point of Contact;

(b) Provide real-time telemetry for the total Generation Resource, as specified in Section 6.5.5.2, Operational Data Requirements; and

(c) Receive Verbal Dispatch Instructions (VDIs) from ERCOT, as specified in Section 6.5.7.8, Dispatch Procedures.

(5) Each QSE is responsible for representing its Split Generation Resource in its Current Operating Plan (COP). During the Reliability Unit Commitment (RUC) Study Periods, any conflict in the Resource Status of a Split Generation Resource in the COP is resolved according to the following:

(a) If a Split Generation Resource has a Resource Status of OUT for any hour in the COP, then any other QSEs' COP entries for their Split Generation Resources from the same Generation Resource are also considered unavailable for the hour;

(b) If the QSEs for all Split Generation Resources from the same Generation Resource have submitted a COP and at least one of the QSEs has an On-Line Resource Status in a given hour, then the status for all Split Generation Resources for the Generation Resource is considered to be On-Line for that hour, except if any of the QSEs has indicated in the COP a Resource Status of OUT.

(6) Each QSE representing a Split Generation Resource shall update its individual Resource Status appropriately.

(7) Each QSE representing a Split Generation Resource may independently submit Energy Offer Curves and Three-Part Supply Offers. ERCOT shall treat each Split Generation Resource offer as a separate offer, except that all Split Generation Resources in a single Generation Resource must be committed or decommitted together.

(8) Each QSE submitting verifiable cost data to ERCOT shall coordinate among all owners of a single Generation Resource to provide individual Split Generation Resource data consistent with the total verifiable cost of the entire Generation Resource. ERCOT may compare the total verifiable costs with other similarly situated Generation Resources to determine the reasonability of the cost.

3.8.2 Combined Cycle Generation Resources

(1) ERCOT shall assign a logical Resource Node for use in the Day-Ahead Market (DAM), RUC, Supplemental Ancillary Services Market (SASM), Security-Constrained Economic Dispatch (SCED) and Load Frequency Control (LFC) to each registered Combined Cycle Train. Each Combined Cycle Generation Resource registered in the Combined Cycle Train will be mapped to the Combined Cycle Train logical Resource Node for the purposes of evaluating and settling each Combined Cycle Generation Resource's Three-Part Supply Offer and Ancillary Service Offer in the DAM, RUC and SCED. Each generation unit identified in the Combined Cycle Train registration for a Combined Cycle Generation Resource configuration will be mapped to its designated Resource Node as

determined in accordance with these Protocols and the Technical Advisory Committee (TAC) approved ERCOT Procedure for Identifying Resource Nodes.

(2) If any of the generation units, designated in the Combined Cycle Train registration as a primary generation unit in a Combined Cycle Generation Resource, is isolated from the ERCOT Transmission Grid because of a transmission Outage reported in the Outage Scheduler, the DAM and RUC applications shall select an alternate generation unit for use in the application.

(3) Three-Part Supply Offers and Resource-specific Ancillary Service Offers submitted for a Combined Cycle Generation Resource may only be made at the Resource's logical Resource Node. ERCOT shall use the logical Resource Node to settle these offers.

(4) In the DAM and RUC, ERCOT shall model the energy injection from each generation unit registered to the Combine Cycle Generation Resource designated in a Three Part Supply Offer as follows:

(a) The energy injection for each generation unit registered in the Combined Cycle Generation Resource designated in a Three-Part Supply Offer shall be the offered energy injection for the selected price point on the Three-Part Supply Offer's Energy Offer Curve times a weight factor as determined in paragraph (4)(b) below.

(b) The weight factor for each generation unit registered in a Combined Cycle Generation Resource shall be the generation unit's High Reasonability Limit (HRL), as specified in its ERCOT approved Resource Asset Registration Form, divided by the total of all HRL values for the generation units registered in the designated Combine Cycle Generation Resource.

(5) In the Network Operations Network Models used in the DAM, RUC and SCED applications, each generation unit identified in the Combined Cycle Train registration must be modeled at its designated Point of Interconnection (POI).

(6) For Ancillary Services offered and provided from Combined Cycle Generation Resources, ERCOT shall apply, without exception, the same rules and requirements specified in these Protocols for the DAM, RUC and Adjustment Period and Real-Time markets that apply to Ancillary Services provided from any other Generation Resources.

(a) ERCOT systems shall determine the High and Low Ancillary Service Limits (HASL and LASL) for a Combined Cycle Generation Resource as follows:

(i) In Real Time, relative to the telemetered High Sustained Limit (HSL) for the Combined Cycle Generation Resource, or

(ii) During the DAM and RUC study periods, relative to the HSL in the COP.

(b) The QSE shall assure that the Combined Cycle Generation Resource designated as On-Line through telemetry or in the COP can meet its Ancillary Service Resource Responsibility.

3.8.3 Quick Start Generation Resources

(1) The QSE for a Quick Start Generation Resource (QSGR) that is available for deployment by SCED shall set the COP Resource Status ON, the COP Low Sustained Limit (LSL) and COP HSL values to the expected sustainable LSL and HSL for the QSGR for the hour. If the QSGR is providing Non-Spinning Reserve (Non-Spin) service, then the Ancillary Service Resource Responsibility for Non-Spin shall be set to the Resource's QSE-assigned Non-Spin responsibility in the COP. If the QSGR's Non-Spin responsibility is greater than the difference between HSL and LSL, then the QSGR that is available for deployment by SCED shall set the COP LSL to zero.

[NPRR272: Replace paragraph (1) above with the following upon system implementation:]

(1) The QSE for a Quick Start Generation Resource (QSGR) that is available for deployment by SCED shall set the COP Resource Status to OFFQS, and the COP Low Sustained Limit (LSL) and COP HSL values to the expected sustainable LSL and HSL for the QSGR for the hour. If the QSGR is providing Non-Spinning Reserve (Non-Spin) service, then the Ancillary Service Resource Responsibility for Non-Spin shall be set to the Resource's QSE-assigned Non-Spin responsibility in the COP.

(2) The QSGR that is available for deployment by SCED shall telemeter a Resource Status of ON and an LSL of zero prior to receiving a deployment instruction from SCED. This status is necessary in order for SCED to recognize that the Resource can be Dispatched. The status of the breaker shall be open and the output of the Resource shall be zero in order for the State Estimator to correctly assess the state of the system. After being deployed for energy from SCED, the Resource shall telemeter an LSL equal to or less than the Resource's actual output until the Resource has ramped to its physical LSL. After reaching its physical LSL, the QSGR shall telemeter an LSL that reflects its physical LSL. The QSGR that is providing Off-Line Non-Spin shall always telemeter an Ancillary Service Resource Responsibility for Non-Spin to reflect the Resource's Non-Spin obligation and shall always telemeter an Ancillary Service Schedule for Non-Spin of zero to make the capacity available for SCED.

[NPRR272: Replace paragraph (2) above with the following upon system implementation:]

(2) The QSGR that is available for deployment by SCED shall telemeter a Resource Status of OFFQS and a LSL of zero prior to receiving a deployment instruction from SCED. This status is necessary in order for SCED to recognize that the Resource can be Dispatched. The status of the breaker shall be open and the output of the Resource shall be zero in order for the State Estimator to correctly assess the state of the system. After being

deployed for energy from SCED, the Resource shall telemeter an LSL equal to or less than the Resource's actual output until the Resource has ramped to its physical LSL. After reaching its physical LSL, the QSGR shall telemeter an LSL that reflects its physical LSL. The QSGR that is providing Off-Line Non-Spin shall always telemeter an Ancillary Service Resource Responsibility for Non-Spin to reflect the Resource's Non-Spin obligation and shall always telemeter an Ancillary Service Schedule for Non-Spin of zero to make the capacity available for SCED.

(3) A QSGR with a telemeter breaker status of open and a telemeter Resource Status of ON shall not provide Regulation Service or Responsive Reserve (RRS) Service.

[NPRR272: Replace paragraph (3) above with the following upon system implementation:]

(3) A QSGR with a telemeter breaker status of open and a telemeter Resource Status OFFQS shall not provide Regulation Service or Responsive Reserve (RRS) Service.

(4) ERCOT shall adjust the QSGR's Mitigated Offer Cap curve as described in Section 4.4.9.4.1, Mitigated Offer Cap.

(5) For a QSGR that is physically Off-Line, the Resource Entity shall submit a Normal Ramp Rate curve and Emergency Ramp Rate curve indicating QSGR's ability to reach its ten-minute tested output from zero output in five minutes. This is necessary to prevent SCED from deploying multiple QSGRs due to ramp limitation in the first five minutes after being Dispatched by SCED. QSGRs shall be exempt from Base Point Deviation Charges as described in Section 6.6.5.3, Generators Exempt from Deviation Charges.

(6) Any hour in which the QSE for the QSGR has shown the Resource as available for SCED Dispatch as described in this Section 3.8.3 is considered a QSE-Committed Interval.

(7) QSEs must submit and maintain an Energy Offer Curve for their QSGRs for all hours in which the COP Resource Status is submitted as ON or OFFNS. If a valid Energy Offer Curve or an Output Schedule does not exist for any QSGR for which a Resource Status of ON is telemetered at the end of the Adjustment Period, then ERCOT shall notify the QSE and set the Output Schedule equal to the then-current telemetered output of the Resource until an Output Schedule or Energy Offer Curve is submitted in a subsequent Adjustment Period. For use as SCED inputs, ERCOT shall create proxy Energy Offer Curves for the Resource as described in paragraph (3) of Section 6.5.7.3, Security Constrained Economic Dispatch.

[NPRR272: Replace paragraph (7) above with the following upon system implementation:]

(7) QSEs must submit and maintain an Energy Offer Curve for their QSGRs for all hours in which the COP Resource Status is submitted as OFFQS. If a valid Energy Offer Curve or an Output Schedule does not exist for any QSGR for which a Resource Status of OFFQS is telemetered at the end of the Adjustment Period, then ERCOT shall notify the

QSE and set the Output Schedule equal to the then-current telemetered output of the Resource until an Output Schedule or Energy Offer Curve is submitted in a subsequent Adjustment Period. For use as SCED inputs, ERCOT shall create proxy Energy Offer Curves for the Resource as described in paragraph (3) of Section 6.5.7.3, Security Constrained Economic Dispatch.

(8) Other than for the potential decommitment of a QSGR as described in Section 3.8.3.1, Quick Start Generation Resource Decommitment Decision Process, following a SCED QSGR deployment, the QSGR is expected to follow the SCED Base Points.

3.8.3.1 Quick Start Generation Resource Decommitment Decision Process

For purposes of determining whether SCED needs a QSGR to continue to generate per paragraph (3) of Section 6.6.9, Emergency Operations Settlement, the QSE representing the QSGR shall telemeter an LSL of zero for at least one but no more than two non-consecutive SCED executions in each Operating Hour during which the QSGR is operating with a SCED Base Point equal to its registered LSL and shall telemeter Normal and Emergency Ramp Rates indicating that the QSGR can be Dispatched to zero output in a single SCED interval.

(a) If the SCED issued Base Point for the QSGR is non-zero in the interval where a zero LSL has been telemetered by the QSE, then the QSGR is deemed needed by SCED and the QSE shall immediately resume telemetering an LSL equal to the physical LSL and continue to operate the unit following subsequent Base Points.

(b) If the Base Point is zero, then the QSE will decommit the QSGR using normal operating practices.

(c) If at any point during the period in which the QSGR is in SHUTDOWN mode, the QSGR Locational Marginal Price (LMP) is greater than or equal to the Energy Offer Curve price, capped per Section 4.4.9.4.1, Mitigated Offer Cap, the QSE may reverse the decommitment process, if possible and make the QSGR available for SCED following normal operating practices.

3.8.4 Hydro Generation Resources

A QSE is considered to have performed for the amount of its RRS obligation for the MW amount provided by a hydro Generation Resource operating in synchronous condenser fast-response mode and triggered by an under-frequency relay device at the frequency set point specified in paragraph (3)(b) of Section 3.18, Resource Limits in Providing Ancillary Service, without corresponding RRS deployment by ERCOT. This provision applies only for the duration when hydro RRS MW is deployed by automatic under-frequency relay action.

3.9 Current Operating Plan (COP)

(1) Each Qualified Scheduling Entity (QSE) that represents a Resource must submit a Current Operating Plan (COP) under this Section.

(2) ERCOT shall use the information provided in the COP to calculate the High Ancillary Service Limit (HASL) and Low Ancillary Service Limit (LASL) for each Resource for the Reliability Unit Commitment (RUC) processes.

(3) ERCOT shall monitor the accuracy of each QSE's COP as outlined in Section 8, Performance Monitoring.

(4) A QSE must notify ERCOT that it plans to have a Resource On-Line by means of the COP using the Resource Status codes listed in Section 3.9.1, Current Operating Plan (COP) Criteria, paragraph (5)(b)(i). The QSE must show the Resource as On-Line with a Status of "ONRUC," indicating a RUC process committed the Resource for all RUC-Committed Intervals. A QSE may only use a RUC-committed Resource during that Resource's RUC-Committed Interval to meet the QSE's Ancillary Service Supply Responsibility if the Resource has been committed by the RUC process to provide Ancillary Service.

(5) To reflect changes to a Resource's capability, each QSE shall report by exception, changes to the COP for all hours after the Operating Period through the rest of the Operating Day.

(6) When a QSE updates its COP to show changes in Resource status, the QSE shall update for each On-Line Resource, either an Energy Offer Curve under Section 4.4.9, Energy Offers and Bids, or Output Schedule under Section 6.4.2, Output Schedules.

(7) Each QSE, including QSEs representing Reliability Must-Run (RMR) Units, or Black Start Resources, shall submit a revised COP reflecting changes in Resource availability as soon as reasonably practicable, but in no event later than 60 minutes after the event that caused the change.

(8) Each QSE representing a Qualifying Facility (QF) must submit a Low Sustained Limit (LSL) that represents the minimum energy available, in MW, from the unit for economic dispatch based on the minimum stable steam delivery to the thermal host plus a justifiable reliability margin that accounts for changes in ambient conditions.

3.9.1 Current Operating Plan (COP) Criteria

(1) Each QSE that represents a Resource must submit a COP to ERCOT that reflects expected operating conditions for each Resource for each hour in the next seven Operating Days.

(2) Each QSE that represents a Resource shall update its COP reflecting changes in availability of any Resource as soon as reasonably practicable, but in no event later than 60 minutes after the event that caused the change.

(3) The Resource capacity in a QSE's COP must be sufficient to supply the Ancillary Service Supply Responsibility of that QSE.

(4) Load Resource COP values may be adjusted to reflect Distribution Losses in accordance with Section 8.1.1.2, General Capacity Testing Requirements.

(5) A COP must include the following for each Resource represented by the QSE:

(a) The name of the Resource;

(b) The expected Resource Status:

(i) Select one of the following for Generation Resources synchronized to the ERCOT System that best describes the Resource's status. These Resource Statuses are to be used for COP and/or Real-Time telemetry purposes.

(A) ONRUC – On-Line and the hour is a RUC-Committed Hour;

(B) ONREG – On-Line Resource with Energy Offer Curve providing Regulation Service;

(C) ON – On-Line Resource with Energy Offer Curve or Off-Line Quick Start Generation Resource (QSGR) available for Security-Constrained Economic Dispatch (SCED) Dispatch;

[NPRR272: Replace paragraph (4)(b)(i)(C) above with the following upon system implementation:]

(C) ON – On-Line Resource with Energy Offer Curve;

(D) ONDSR – On-Line Dynamically Scheduled Resource (DSR);

(E) ONOS – On-Line Resource with Output Schedule;

(F) ONOSREG – On-Line Resource with Output Schedule providing Regulation Service;

(G) ONDSRREG – On-Line DSR providing Regulation Service;

(H) ONTEST – On-Line blocked from SCED for operations testing (while ONTEST, a Generation Resource may be shown on Outage in the Outage Scheduler);

(I) ONEMR – On-Line EMR (available for commitment or dispatch only for ERCOT-declared Emergency Conditions; the QSE may appropriately set LSL and High Sustained Limit (HSL) to reflect operating limits); and

(J) ONRR – On-Line as a synchronous condenser (hydro) providing Responsive Reserve (RRS) but unavailable for Dispatch by SCED and available for commitment by RUC;

[NPRR416: Insert paragraph (4)(b)(i)(K)below upon system implementation and renumber accordingly:]

(K) ONOPTOUT – On-Line and the hour is a RUC Buy-Back Hour;

(K) SHUTDOWN – The Resource is On-Line and in a shut-down sequence, and has no Ancillary Service Obligations. This Resource Status is only to be used for Real-Time telemetry purposes;

(L) STARTUP – The Resource is On-Line and in a start-up sequence and has no Ancillary Service Obligations. This Resource Status is only to be used for Real-Time telemetry purposes;

[NPRR272: Insert paragraph (4)(b)(i)(M) upon system implementation:]

(M) OFFQS – Off-Line but available for SCED deployment. Only qualified QSGRs may utilize this status.

(ii) Select one of the following for Off-Line Generation Resources not synchronized to the ERCOT System that best describes the Resource's status. These Resource Statuses are to be used for COP and/or Real-Time telemetry purposes.

(A) OUT – Off-Line and unavailable;

(B) OFFNS – Off-Line but reserved for Non-Spinning Reserve (Non-Spin);

(C) OFF – Off-Line but available for commitment in the Day-Ahead Market (DAM) and RUC; and

(D) EMR – Available for commitment only for ERCOT-declared Emergency Condition events; the QSE may appropriately set LSL and HSL to reflect operating limits; and

(iii) Select one of the following for Load Resources. These Resource Statuses are to be used for COP and/or Real-Time telemetry purposes.

(A) ONRGL – Available for Dispatch of Regulation Service;

(B) ONRRCLR – Available for Dispatch of RRS Service as a Controllable Load Resource;

(C) ONRL – Available for Dispatch of RRS Service or Non-Spin, excluding Controllable Load Resources; and

[NPRR532: Replace paragraph (5)(b)(iii)(C) above with the following upon system implementation:]

(C) ONRL – Available for Dispatch of Non-Spin or under-frequency relay-type RRS Service; and

(D) OUTL – Not available;

[NPRR555: Replace paragraph (5)(b)(iii) above with the following upon system implementation:]

(iii) Select one of the following for Load Resources. These Resource Statuses are to be used for COP and/or Real-Time telemetry purposes.

(A) ONRGL – Available for Dispatch of Regulation Service by Low Frequency Control (LFC) and, for any remaining Dispatchable capacity, by SCED with an Real-Time Market (RTM) Energy Bid;

(B) ONCLR – Available for Dispatch as a Controllable Load Resource by SCED with an RTM Energy Bid;

(C) ONRL – Available for Dispatch of RRS Service, excluding Controllable Load Resources; and

(D) OUTL – Not available;

(c) The HSL;

(d) The LSL;

(e) The High Emergency Limit (HEL);

(f) The Low Emergency Limit (LEL); and

(g) Ancillary Service Resource Responsibility capacity in MW for:

(i) Regulation Up (Reg-Up);

(ii) Regulation Down (Reg-Down);

(iii) RRS Service; and

(iv) Non-Spin.

(6) For Combined Cycle Generation Resources, the above items are required for each operating configuration. In each hour only one Combined Cycle Generation Resource in a Combined Cycle Train may be assigned one of the On-Line Resource Status codes described above.

(a) During a RUC study period, if a QSE's COP reports multiple Combined Cycle Generation Resources in a Combined Cycle Train to be On-Line for any hour, then until the QSE corrects its COP, the On-Line Combined Cycle Generation Resource with the largest HSL is considered to be On-Line and all other Combined Cycle Generation Resources in the Combined Cycle Train are considered to be Off-Line. Furthermore, until the QSE corrects its COP, the Off-Line Combined Cycle Generation Resources as designated through the application of this process are ineligible for RUC commitment or de-commitment Dispatch Instructions.

(b) For any hour in which QSE-submitted COP entries are used to determine the initial state of a Combined Cycle Generation Resource for a DAM or Day-Ahead Reliability Unit Commitment (DRUC) study and the COP shows multiple Combined-Cycle Generation Resources in a Combined Cycle Train to be in an On-line Resource Status, then until the QSE corrects its COP, the On-Line Combined Cycle Generation Resource that has been On-Line for the longest time from the last recorded start by ERCOT systems, regardless of the reason for the start, combined with the COP Resource Status for the remaining hours of the current Operating Day, is considered to be On-Line at the start of the DRUC study period and all other COP-designated Combined Cycle Generation Resources in the Combined Cycle Train are considered to be Off-Line.

(c) ERCOT systems shall allow only one Combined Cycle Generation Resource in a Combined Cycle Train to offer Off-Line Non-Spin in the DAM or Supplemental Ancillary Services Market (SASM).

(i) If there are multiple Non-Spin offers from different Combined Cycle Generation Resources in a Combined Cycle Train, then prior to execution of the DAM, ERCOT shall select the Non-Spin offer from the Combined Cycle Generation Resource with the highest HSL for consideration in the DAM and ignore the other offers.

(ii) Combined Cycle Generation Resources offering Off-Line Non-Spin must be able to transition from the shutdown state to the offered Combined Cycle Generation Resource On-Line state and be capable of ramping to the full amount of the Non-Spin offered.

(d) The DAM and RUC shall honor the registered hot, intermediate or cold Startup Costs for each Combined Cycle Generation Resource registered in a Combined Cycle Train when determining the transition costs for a Combined Cycle Generation Resource. In the DAM and RUC, the Startup Cost for a Combined Cycle Generation Resource shall be determined by the positive transition cost from the On-Line Combined Cycle Generation Resource within the Combine Cycle Train or from a shutdown condition, whichever ERCOT determines to be appropriate.

(7) ERCOT may accept COPs only from QSEs.

(8) For the first 48 hours of the COP, a QSE representing a Wind-powered Generation Resource (WGR) must enter an HSL value that is less than or equal to the amount for that Resource from the most recent Short-Term Wind Power Forecast (STWPF) provided by ERCOT.

(9) For hours 49 to 168 of the COP, a QSE representing a WGR shall enter an HSL value equal to their best estimate, which may be based on the wind power profile as published on the ERCOT website.

(10) A QSE representing a Generation Resource that is not actively providing Ancillary Services may only use a Resource Status of SHUTDOWN to indicate to ERCOT through telemetry that the Resource is operating in a shut-down sequence or a Resource Status of ONTEST to indicate in the COP and through telemetry that the Generation Resource is performing a test of its operations either manually dispatched by the QSE or by ERCOT as part of the test. A QSE representing a Generation Resource that is not actively providing Ancillary Services may only use a Resource Status of STARTUP to indicate to ERCOT through telemetry that the Resource is operating in a start-up sequence requiring manual control and is not available for Dispatch.

(11) If a QSE has not submitted a valid COP for any Generation Resource for any hour in the DAM or RUC Study Period, then the Generation Resource is considered to have a Resource Status as OUT thus not available for DAM awards or RUC commitments for those hours.

(12) If a COP is not available for any Resource for any hour from the current hour to the start of the DAM period or RUC study, then the Resource Status for those hours are considered equal to the last known Resource Status from a previous hour's COP or from telemetry as appropriate for that Resource.

3.9.2 Current Operating Plan Validation

(1) ERCOT shall verify that each COP, on its submission, complies with the criteria described in Section 3.9.1, Current Operating Plan (COP) Criteria. ERCOT shall notify the QSE by means of the Messaging System if the QSE's COP fails to comply with the criteria described in Section 3.9.1 and this Section 3.9.2 for any reason. The QSE must then resubmit the COP within the appropriate market timeline.

(2) ERCOT may reject a COP that does not meet the criteria described in Section 3.9.1.

(3) If a Resource is designated in the COP to provide Ancillary Service, then ERCOT shall verify that the COP complies with Section 3.16, Standards for Determining Ancillary Service Quantities. The Ancillary Service Supply Responsibilities as indicated in the Ancillary Service Resource Responsibility submitted immediately before the end of the Adjustment Period are physically binding commitments for each QSE for the corresponding Operating Period.

(4) ERCOT shall notify the QSE if the sum of the Ancillary Service capacity designated in the COP for each hour, by service type, is less than the QSE's Ancillary Service Supply Responsibility for each service type for that hour. If the QSE does not correct the deficiency within one hour after receiving the notice from ERCOT, then ERCOT shall follow the procedures outlined in Section 6.4.8.1, Evaluation and Maintenance of Ancillary Service Capacity Sufficiency.

(5) A QSE may change Ancillary Service Resource designations by changing its COP, subject to Section 6.4.8.1.

(6) If ERCOT determines that it needs more Ancillary Service during the Adjustment Period, then the QSE's allocated portion of the additional Ancillary Service may be self-arranged.

(7) ERCOT systems must be able to detect a change in status of a Resource shown in the COP and must provide notice to ERCOT operators of changes that a QSE makes to its COP.

(8) A QSE representing a Resource that has an Energy Offer Curve valid for an hour of the COP may not designate a Resource Status of ONOS or ONDSR for that hour for that Resource.

3.10 Network Operations Modeling and Telemetry

(1) ERCOT shall use the physical characteristics, ratings, and operational limits of all Transmission Elements of the ERCOT Transmission Grid and other information from the Transmission Service Providers (TSPs) and Resource Entities to specify limits within which the transmission network is defined in the network models made available to Market Participants as noted below and used to operate the ERCOT Transmission Grid as updated. If a Private Use Network is not registered as a Resource Entity, then ERCOT

shall use equivalent model data provided by TSPs, if available, that represents the Private Use Network in the TSPs' modeling systems for use in the Network Operations Model.

(2) Because the ERCOT market requires accurate modeling of Transmission Elements in order to send accurate Base Points and pricing signals to Market Participants, ERCOT shall manage the Network Operations Model. By providing Base Points and pricing signals by Electrical Bus to Market Participants, the Market Participants' responses result in power flows on all Transmission Elements that ERCOT must monitor and, if necessary for reliability reasons, manage within ratings provided by the TSP and Resource Entity and limits assigned by ERCOT including Generic Transmission Limits (GTLs) as may be defined in Section 3.10.7.6, Modeling of Generic Transmission Limits.

(3) TSPs and Resource Entities shall provide ERCOT with equipment ratings and update the ratings as required by ERCOT. ERCOT may request TSPs and Resource Entities to provide detailed information on the methodology, including data for determination of each requested rating. ERCOT may review and comment on the methodology. ERCOT shall post all methodologies on the Market Information System (MIS) Secure Area within seven days following a change in methodology.

(4) ERCOT must use system ratings consistent with the ratings expected to be used during Real-Time for the system condition being modeled, including Dynamic Ratings using expected temperatures for those system conditions. For each model, ERCOT shall post ratings and the ambient temperatures used to calculate the ratings on the MIS Secure Area when the model is published.

(5) ERCOT shall use consistent information within and between the various models used by ERCOT Operations, ERCOT Planning, and other workgroups in a manner that yields consistent results. For operational and planning models that are intended to represent the same system state the results should be consistent and the naming should be identical. An independent audit must be performed at least every three years to confirm that consistent information is used in all ERCOT Operations models.

(6) ERCOT shall use a Network Operations Model Change Request (NOMCR) process to control all information entering the Network Operations Model. In order to allow for construction schedules, each NOMCR must be packaged as a single package describing any incremental changes and referencing any prerequisite NOMCRs, using an industry standard data exchange format. A package must contain a series of instructions that define the changes that need to be made to implement a network model change. ERCOT shall verify each package for completeness and accuracy prior to the period it is to be implemented.

(7) ERCOT shall use an automated process to manage the Common Information Model (CIM) compliant packages loaded into the Network Operations Model as each construction phase is completed. ERCOT shall reject any NOMCRs that are not CIM compliant. Each CIM compliant NOMCR must also be associated with commands to update the graphical displays associated with the network model modification. During

the testing phase, each NOMCR must be tested for proper sequencing and its effects on downstream applications.

(8) ERCOT shall track each data submittal received from TSPs and Resource Entities via the NOMCR process, or in the case of Resources, the prescribed Resource asset registration process which is converted by ERCOT to the appropriate NOMCR format, through implementation and final testing of the change. ERCOT shall notify each TSP and Resource Entity when the requested change is processed and implemented in accordance with Section 3.10.1, Time Line for Network Operations Model Changes, and ERCOT shall also provide the submitting TSP a link to a Network Operations Model containing the change for verifying the implementation of the NOMCR and associated one-line displays. ERCOT shall post all NOMCRs on the MIS Certified Area for TSPs only within five Business Days following receipt of the NOMCR, consistent with Critical Energy Infrastructure Information (CEII) standards. When posting a NOMCR, each change must be posted using the CIM data exchange format showing incremental changes to the last Network Operations Model for TSPs only, to facilitate TSPs in updating their internal network models to reflect changes made at ERCOT. For each NOMCR, ERCOT shall post on the MIS Certified Area for TSPs only the current status on the in-service date for each NOMCR, including any prerequisite NOMCRs provided by the requestor.

(9) ERCOT shall update the Network Operations Model under this Section and coordinate it with the planning models for consistency to the extent applicable.

(10) Any requestor of any changes in system topology or telemetry must receive approval from ERCOT before connecting of any associated equipment to the ERCOT Transmission Grid. ERCOT shall notify a requestor of any deficiencies in its submittal for changes in system topology or telemetry. ERCOT shall accept corrections to the submittal if the requestor has corrected any deficiencies by the required submittal date specified in Section 3.10.1. ERCOT shall post any changes to an NOMCR on the MIS Certified Area for TSPs within three Business Days of accepting corrections.

(11) On receipt of the information set forth in Section 3.10.7, ERCOT System Modeling Requirements, ERCOT shall review the information and notify the requestor of any required modifications. ERCOT may, at its discretion, require changes or more details regarding the work plan for any new or relocated facilities. The requestor shall notify ERCOT and any other affected Entities as soon as practicable of any ERCOT requested changes to the work plan. The requestor shall consult with other Entities likely to be affected and shall revise the work plan, following any necessary or appropriate discussions with ERCOT and other affected Entities. ERCOT shall approve or reject the request, including any revisions made by the requestor, within 15 days of receipt of the complete request and any revisions. Following ERCOT approval, ERCOT shall publish a summary of the revised NOMCR on the MIS Certified Area for TSPs.

3.10.1 Time Line for Network Operations Model Changes

(1) ERCOT shall perform periodic updates to the Network Operations Model. Market Participants may provide Network Operations Model updates to ERCOT to implement planned transmission and Resource construction one year before the required submittal date below. TSPs and Resource Entities must timely submit Network Operations Model changes pursuant to the schedule in this Section to be included in the updates.

(2) For a facility addition, revision, or deletion to be included in any Network Operations Model update, all technical modeling information must be submitted to ERCOT pursuant to the ERCOT NOMCR process or the applicable Resource asset registration process for Resource Entities.

(3) TSPs and Resource Entities shall submit Network Operations Model updates at least three months prior to the physical equipment change. ERCOT shall update the Network Operations Model according to the following table:

Deadline to Submit Information to ERCOT **Note 1**	**Model Complete and Available for Test** **Note 2**	**Updated Network Operations Model Testing Complete** **Note 3** **Paragraph (5)**	**Update Network Operations Model Production Environment**	**Target Physical Equipment included in Production Model** **Note 4**
Jan 1	Feb 15	March 15	April 1	Month of April
Feb 1	March 15	April 15	May 1	Month of May
March 1	April 15	May 15	June 1	Month of June
April 1	May 15	June 15	July 1	Month of July
May 1	June 15	July 15	August 1	Month of August
June 1	July 15	August 15	September 1	Month of September
July 1	August 15	September 15	October 1	Month of October
August 1	September 15	October 15	November 1	Month of November
September 1	October 15	November 15	December 1	Month of December
October 1	November 15	December 15	January 1	Month of January (the next year)
November 1	December 15	January 15	February 1	Month of February (the next year)
December 1	January 15	February 15	March 1	Month of March (the next year)

Notes:

1. TSP and Resource Entity data submissions complete per the NOMCR process or other ERCOT-prescribed process applicable to Resource Entities for inclusion in next update period.
2. Network Operations Model data changes and preliminary fidelity test complete by using the Network Operations Model test facility described in paragraph (3) of Section 3.10.4, ERCOT Responsibilities. A test version of the Redacted Network Operations Model will be posted to the MIS Secure Area for Market Participants and Network Operations Model to the MIS Certified Area for TSPs as described in paragraph (8) of Section 3.10.4, for market review and further testing by Market Participants.

3. Testing of the Redacted Network Operations Model by Market Participants and Network Operations Model by TSPs is complete and ERCOT begins the Energy Management System (EMS) testing prior to placing the new model into the production environment.
4. Updates include changes starting at this date and ending within the same month. The schedule for Operations Model load dates will be published by ERCOT on the MIS Public Area.

(4) ERCOT shall only approve energization requests when the Transmission Element is satisfactorily modeled in the Network Operations Model.

(5) Changes to an existing NOMCR that modify only Inter-Control Center Communications Protocol (ICCP) data object names shall be provided 15 days prior to the Network Operations Model load date. NOMCR modifications containing only ICCP data object names shall not be subject to interim update reporting to the Independent Market Monitor (IMM) and Public Utility Commission of Texas (PUCT) (reference Section 3.10.4), according to the following:

NOMCR that contains ICCP Data and is submitted …	***ERCOT shall …***	***Subject to IMM & PUC Reporting***
Beyond 90 days of the energization date	Allow modification of only ICCP data for an existing NOMCR	No
Between 90 and 15 days prior to the scheduled database load.	Allow modification of only ICCP data for an existing NOMCR	No
Less than 15 days before scheduled database load.	Require a new NOMCR to be submitted containing the ICCP data	Yes

3.10.2 Annual Planning Model

(1) For each of the next six years, ERCOT shall develop models for annual planning purposes that contain, as much as practicable, information consistent with the Network Operations Model. The "Annual Planning Model" for each of the next six years is a model of the ERCOT power system (created, approved, posted, and updated regularly by ERCOT) as it is expected to operate during peak Load conditions for the corresponding future year.

(2) By October 15th of each year, ERCOT shall update, for each of the next six years, the ERCOT Planning Model and post it to the MIS Secure Area

(3) ERCOT shall make available to TSPs and/or Distribution Service Provider (DSPs) and all appropriate Market Participants, consistent with applicable policies regarding release of CEII, the transmission model used in transmission planning. ERCOT shall provide model information through the use of the Electric Power Research Institute (EPRI) and North American Electric Reliability Corporation (NERC) sponsored CIM and web-based Extensible Markup Language (XML) communications or Power System Simulator for Engineering (PSS/E) format.

(4) ERCOT shall post the schedule for updating transmission information on the MIS Secure Area.

(5) ERCOT shall coordinate updates to the Annual Planning Model with the Network Operations Model to ensure consistency of data within and between the Annual Planning Model and Network Operations Model to the extent practicable.

3.10.3 CRR Network Model

(1) ERCOT shall develop models for CRR Auctions that contain, as much as practicable, information consistent with the Network Operations Model. Names of Transmission Elements in the Network Operations Model and the CRR Network Model must be identical for the same physical equipment.

(2) ERCOT shall verify that the names of Hub Buses and Electrical Buses used to describe the same device in any Hub are identically named in both the Network Operations Model and the CRR Network Model.

(3) Each CRR Network Model must include:

(a) A complete one-line diagram with all Settlement Points (indicating the Settlement Point that the Electrical Bus is a part of) and including all Hub Buses used to calculate Hub prices (if applicable);

(b) Generation Resource locations;

(c) Transmission Elements;

(d) Transmission impedances;

(e) Transmission ratings;

(f) Contingency lists;

(g) Data inputs used in the calculation of Dynamic Ratings, and

(h) Other relevant assumptions and inputs used for the CRR Network Model.

(4) ERCOT shall make available to TSPs and/or DSPs and all appropriate Market Participants, consistent with applicable policies regarding release of CEII, the CRR Network Model. ERCOT shall provide model information through the use of the EPRI and NERC-sponsored CIM and web based XML communications or PSS/E format.

3.10.4 ERCOT Responsibilities

(1) ERCOT shall design, install, operate, and maintain its systems and establish applicable related processes to meet the State Estimator Standards for Transmission Elements that

under typical system conditions potentially affect the calculation of Locational Marginal Prices (LMPs) as described in Section 3.10.7.5, Telemetry Standards, and Section 3.10.9, State Estimator Standards. ERCOT shall post all documents relating to the State Estimator Standards on the MIS Secure Area.

(2) During Real-Time, ERCOT shall calculate LMPs and take remedial actions to ensure that actual flow on a given Transmission Element is less than the Normal Rating and any calculated flow due to a contingency is less than the applicable Emergency Rating and 15-Minute Rating.

(3) ERCOT shall install Network Operations Model test facilities that will accommodate execution of a test Real-Time sequence and preliminary test LMP calculator to demonstrate the correct operation of new Network Operations Models prior to releasing the model to Market Participants for detail testing and verification. The Network Operations Model test facilities support power flow and contingency analyses to test the data set representation of a proposed transmission model update and simulate LMP calculations using typical test data.

(4) ERCOT shall install EMS test and simulation facilities that accommodate execution of the SE and LMP calculator, respectively. These facilities will be used to conduct tests prior to placing a new model into ERCOT's production environment to verify the new model's accuracy. The EMS test facilities allow a potential model to be tested before replacing the current production environment model. The EMS test and simulation facilities must perform Real-Time security analysis to test a proposed transmission model before replacing the current production environment model. The EMS SE test facilities must have Real-Time ICCP links to test the state estimation function using actual Real-Time conditions. The EMS LMP test facilities must accept data uploads from the production environment providing Qualified Scheduling Entity (QSE) Resource offers, and telemetry via ICCP. If the production data are unavailable, ERCOT may employ a data simulation tool or process to develop test data sets for the LMP test facilities. For TSPs, ERCOT shall acquire model comparison software that will show all differences between subsequent versions of the Network Operations Model and shall make this information available to TSPs only within one week following test completion. For non-TSP Market Participants, ERCOT shall post the differences within one week following test completion between subsequent versions of the Redacted Network Operations Model on the MIS Secure Area. This comparison shall indicate differences in device parameters, missing or new devices, and status changes.

(5) When implementing Transmission Element changes, ERCOT shall correct errors uncovered during testing that are due to submission of inaccurate information. Each TSP and Resource Entity shall provide reasonably accurate information at the time of the original submission.

(6) ERCOT may update the model on an interim basis, outside of the timeline described in Section 3.10.1, Time Line for Network Operations Model Changes, for the correction of temporary configuration changes in a system restoration situation, such as after a storm, or correction of impedances and ratings.

(7) Interim updates to the Network Operations Model caused by unintentional inconsistencies of the model with the physical transmission grid may be made. If an interim update is implemented, ERCOT shall report changes to the PUCT Staff and the IMM. ERCOT shall provide Notice via electronic means to all Market Participants and post the Notice on the MIS Secure Area detailing the changed model information and the reason for the interim update within two Business Days following the report to PUCT Staff and the IMM.

(8) When ERCOT identifies active or binding transmission constraints on a repeated basis, ERCOT shall contact the appropriate TSP and Resource Entity to:

(a) Verify that ratings of Transmission Facilities in the Network Operations Model and in the Updated Network Model causing the event are current and correctly represented;

(b) Verify, when the TSP's and Resource Entity's analysis results differ from those of ERCOT, that the configuration of the transmission grid in the Network Operations Model and in the Updated Network Model matches that in use by the TSP and Resource Entity. To recognize operational time constraints, that verification must focus on Transmission Elements believed to have affected the event; and

(c) Mutually identify with the TSP and Resource Entity any additional operational intervention or system monitoring that could be implemented to manage recurring congestion due to a recurring cause.

(9) A TSP and Resource Entity, with ERCOT's assistance, shall validate its portion of the Network Operations Model according to the timeline provided in Section 3.10.1. ERCOT shall provide TSPs access, consistent with applicable policies regarding release of CEII, to an environment of the ERCOT EMS where the Network Operations Model and the results of the Real-Time SE are available for review and analysis within five minutes of the Real-Time solution. This environment is provided as a tool to TSPs to perform power flow studies, contingency analyses and validation of SE results.

(10) ERCOT shall make available to TSPs, consistent with applicable policies regarding release of CEII, the Network Operations Model used to manage the reliability of the transmission system as well as proposed Network Operations Models to be implemented at a future date. ERCOT shall post on the MIS Secure Area the Redacted Network Operations Model, consistent with applicable policies regarding release of CEII as well as proposed Redacted Network Operations Models to be implemented at a future date. ERCOT shall provide model information through the use of the EPRI and NERC-sponsored CIM and web-based XML communications.

3.10.5 TSP Responsibilities

(1) Each TSP shall design, implement, operate, and maintain its systems to meet the Telemetry Standards as required by Section 3.10.7.5, Telemetry Standards, for measurements facilitating the observability of the Electrical Buses used for Security-

Constrained Economic Dispatch (SCED). However, there is no obligation to re-construct or retrofit already existing installations except as shown to be needed in order to achieve Telemetry Standards and State Estimator Standards.

(2) TSPs shall add telemetry at ERCOT's request to maintain observability and redundancy requirements as specified herein, and under Section 3.10.7.5. ERCOT shall request such additions when a lack of data telemetry has caused, or can be demonstrated to result in, inaccuracies between Real-Time measurements and modeling outcomes that could result in incorrect LMP prices or potential reliability problems.

(3) Each TSP shall provide to ERCOT planned construction information, including Certificate of Convenience and Necessity (CCN) application milestone dates if applicable, all of which shall be updated according to a schedule established by ERCOT.

(4) Each TSP shall provide to ERCOT project status updates of Transmission Facilities that are part of an Reliability Must-Run (RMR) or Must Run Alternative (MRA) exit strategy corresponding to a specific RMR or MRA Agreement that has not been terminated, which shall be updated by the first Business Day of each month, noting any acceleration or delay in planned completion date.

3.10.6 Resource Entity Responsibilities

(1) QSEs and Resource Entities shall provide ERCOT and TSPs with information describing each Generation Resource and Load Resource that it represents under Section 3.10.7.2, Modeling of Resources and Transmission Loads.

(2) Resource Entities will provide information on step-up transformers to TSPs under Section 3.10.7.1.4, Transmission and Generation Resource Step-Up Transformers.

3.10.7 ERCOT System Modeling Requirements

The following subsections contain the fidelity requirements for the ERCOT Network Operations Model.

3.10.7.1 Modeling of Transmission Elements and Parameters

(1) ERCOT, each TSP, and each Resource Entity shall coordinate to define each Transmission Element such that the TSP's control center operational model and ERCOT's Network Operations Model are consistent.

(2) Each Transmission Element must have a unique identifier using a consistent naming convention used between ERCOT and TSPs. ERCOT shall develop the naming convention with the assistance of the TSP and the approval of TAC. In addition to the Network Operations Model releases described in Section 3.10.1, Time Line for Network Operations Model Change Requests, ERCOT shall provide all names and parameters of

all Transmission Elements to Market Participants posted on MIS Secure Area by 0600 each day.

(3) If the responsible TSP submits a NOMCR for non-operational changes, such as name changes for Transmission Elements, ERCOT shall implement the request.

3.10.7.1.1 Transmission Lines

(1) ERCOT shall model each transmission line that operates in excess of 60 kV.

(2) For each of its transmission lines operated as part of the ERCOT Transmission Grid, each TSP and if applicable, Resource Entity, shall provide ERCOT with the following information consistent with the ratings methodology prescribed in the ERCOT Operating Guides:

(a) Equipment owner(s);

(b) Equipment operator(s);

(c) Transmission Element name;

(d) Line impedance;

(e) Normal Rating, Emergency Rating, 15-Minute Rating, and Conductor/Transformer 2-Hour Rating; and

(f) Other data necessary to model Transmission Element(s).

(3) The TSP and Resource Entity may submit special transfer limits and stability limits for secure and reliable grid operations for ERCOT approval. ERCOT has sole decision-making authority and responsibility to determine the limits to be applied in grid operations.

(4) The TSP and Resource Entity may implement protective relay and control systems and set values appropriate to de-energize faulted equipment and meet the TSP and Resource Entity obligations for public or employee safety, and when necessary to prevent in-service or premature equipment failure consistent with Good Utility Practice and accepted industry standards. The TSP and Resource Entity shall include those limits when providing ERCOT with ratings or proposed transfer limits.

(5) The Network Operations Model must use rating categories for Transmission Elements as defined in the ERCOT Operating Guides.

3.10.7.1.2 Transmission Buses

(1) ERCOT shall model each Electrical Bus that operates as part of the ERCOT Transmission Grid in excess of 60 kV and that is required to model switching stations or transmission Loads.

(2) Each TSP and if applicable, Resource Entity, shall provide ERCOT with the following information, subject to the naming conventions in Section 3.10.7.1, Modeling of Transmission Elements and Parameters:

(a) Equipment owner(s);

(b) Equipment operator(s);

(c) The Transmission Element name;

(d) The substation name;

(e) A description of all transmission circuits that may be connected through breakers or switches; and

(f) Other data necessary to model Transmission Element(s).

(3) To accommodate the Outage Scheduler, the TSP and Resource Entity may define a separate name and Transmission Element for any Electrical Bus that can be physically separated by a manual switch or breaker within a substation.

3.10.7.1.3 Transmission Breakers and Switches

(1) ERCOT's Network Operations Model must include all transmission breakers and switches, the operation of which may cause a change in the flow on transmission lines or Electrical Buses. Breakers and switches may only be connected to defined Electrical Buses.

(2) Each TSP and Resource Entity shall provide ERCOT with the following information, subject to the naming conventions in Section 3.10.7.1, Modeling of Transmission Elements and Parameters:

(a) Equipment owner(s);

(b) Equipment operator(s);

(c) The Transmission Element name;

(d) The substation name;

(e) Connectivity;

(f) Normal status; and

(g) Other data necessary to model Transmission Element(s).

(3) ERCOT shall develop methods to accurately model changes in transmission line loading resulting from Load rollover schemes transferring more than ten MW. This may include modeling distribution circuit breakers, dead line sensing, or other methods that signal when the Load should be transferred from one transmission line to another transmission line. ERCOT may employ heuristic rule sets for all manual Load transfers and for automated transfers where feasible. ERCOT application software is required to model the effects of automatic or manual schemes in the field transfer Load under line outage conditions. Each TSP and as applicable, Resource Entity, shall define the Load rollover schemes under Section 3.10.7.2, Modeling of Resources and Transmission Loads, and furnish this information to ERCOT. Transmission field (right-of-way) switches must be connected to a named Electrical Bus and be included in the Network Operations Model.

3.10.7.1.4 Transmission and Generation Resource Step-Up Transformers

(1) ERCOT shall model all transformers with a nominal low side (i.e., secondary, not tertiary) voltage above 60 kV.

(2) ERCOT shall model all Generation Resource step-up transformers greater than ten MVA to provide for accurate representation of generator voltage control capability including the capability to accept a system operator entry of a specific no-load tap position, or if changeable under Load, accept telemetry of the current tap position.

(3) Each TSP and Resource Entity shall provide ERCOT with information to accurately describe each transformer in the Network Operations Model including any tertiary Load as required by ERCOT. Each TSP and Resource Entity shall provide ERCOT with the following information, subject to the naming conventions in Section 3.10.7.1, Modeling of Transmission Elements and Parameters:

(a) Equipment owner(s);

(b) Equipment operator(s);

(c) The Transmission Element name;

(d) The substation name;

(e) Winding ratings;

(f) Connectivity;

(g) Transformer parameters, including all tap parameters; and

(h) Other data necessary to model Transmission Element(s).

(4) The Generation Entity shall provide parameters for each step-up transformer to ERCOT, which shall provide the information to TSPs. Each TSP shall coordinate with the operators of the Resources connected to their respective systems to establish the proper transformer tap positions (no-load taps) and report any changes to ERCOT using the NOMCR process or other ERCOT prescribed means. Each Generation Entity and each TSP shall schedule generation Outages at mutually agreeable times to implement tap position changes when necessary. If mutual agreement cannot be reached, then ERCOT shall decide where to set the tap position to be implemented by the Generation Entity at the next generation Outage, considering expected impact on system security, future Outage plans, and participants. TSPs shall provide ERCOT and Market Participants with notice in accordance with paragraph (4) of 3.10.4, ERCOT Responsibilities, paragraph (4) (except for emergency) prior to the tap position change implementation date.

(5) ERCOT shall post to the MIS Secure Area information regarding all transformers represented in the Network Operations Model.

3.10.7.1.5 Reactors, Capacitors, and other Reactive Controlled Sources

(1) ERCOT shall model all controlled reactive devices. Each Market Participant shall provide ERCOT with complete information on each device's capabilities and normal switching schema.

(2) Each Market Participant shall provide ERCOT with the following information, subject to the naming conventions in Section 3.10.7.1, Modeling of Transmission Elements and Parameters:

(a) Equipment owner(s);

(b) Equipment operator(s);

(c) The Transmission Element name;

(d) The substation name;

(e) Voltage or time switched on;

(f) Voltage or time switched off;

(g) Associated switching device name;

(h) Connectivity;

(i) Nominal voltage and associated capacitance or reactance; and

(j) Other data necessary to model Transmission Element(s).

(3) The ERCOT Operating Guides must include parameters for standard reactor and capacitor switching plans for use in the Network Operations Model. ERCOT shall model

the devices under Section 3.10.4, ERCOT Responsibilities, in all applicable ERCOT applications and systems. ERCOT shall provide copies of the switching plan to the Market Participants via the MIS Secure Area. Any change in TSP guidelines or switching plan must be provided to ERCOT before implementation (except for emergency). Any change in guidelines or switching plan must be provided in accordance with the NOMCR process or other ERCOT-prescribed process.

3.10.7.2 Modeling of Resources and Transmission Loads

(1) Each Resource Entity shall provide ERCOT and TSPs with information describing each of its Generation Resources and Load Resources connected to the transmission system. All Resources greater than ten MW, Generation Resources less than ten MW but providing Ancillary Service, Split Generation Resources where the physical generator being split is greater than ten MW, Private Use Networks containing Resources greater than ten MW, Wind-powered Generation Resources (WGRs) or Aggregated Generation Resources (AGRs) with an aggregate interconnection to the ERCOT System greater than ten MW, Direct Current Tie (DC Tie) Resources, and the non-TSP owned step-up transformers greater than ten MVA, must be modeled to provide equivalent generation injections to the ERCOT Transmission Grid. ERCOT shall coordinate the modeling of Generation Resources, Private Use Networks, DC Tie Resources and Load Resources with their owners to ensure consistency between TSP models and ERCOT models.

[NPRR555: Insert paragraph (2) below upon system implementation and renumber accordingly:]

(2) Each Resource Entity shall provide ERCOT and TSPs with information describing each of its Aggregate Load Resources (ALRs) as specified in Section 3.7.1.2, Load Resource Parameters, and any additional information and telemetry as required by ERCOT, in accordance with the timelines set forth in Section 3.10.1, Time Line for Network Operations Model Changes. ERCOT shall coordinate the modeling of ALRs with their representatives to ensure consistency between TSP models and ERCOT models.

(2) Each Resource Entity representing a Split Generation Resource shall provide information to ERCOT and TSPs describing an individual Split Generation Resource for its share of the generation facility to be represented in the Network Operations Model in accordance with Section 3.8, Special Considerations for Split Generation Meters, Combined Cycle Generation Resources, Quick Start Generation Resources, and Hydro Generation Resources. The Split Generation Resource must be modeled as connected to the ERCOT Transmission Grid on the low side of the generation facility main power transformer.

(3) ERCOT shall create a DC Tie Resource to represent an equivalent generation injection to represent the flow into the ERCOT Transmission Grid from operation of DC Ties. The actual injection flow on the DC Tie from telemetry provided by the facility owner(s) is the DC Tie Resource output.

(4) TSPs shall provide ERCOT with information describing all transmission Load connections on the ERCOT Transmission Grid. Individual Load connections may be combined, at the discretion of ERCOT, with other Load connections on the same transmission line to represent a Model Load to facilitate state estimation of Loads that do not telemeter Load measurements. ERCOT shall define "Model Loads", which may be one or more combined Loads, for use in its Network Operations Model. A Model Load cannot be used to represent Load connections that are in different Load Zones.

(5) ERCOT may require TSPs to provide additional Load telemetry to provide adequate modeling of the transmission system in accordance with Section 3.10.7.5, Telemetry Criteria. When the TSP does not own the station for which additional Load telemetry is being requested, the TSP shall request that the owner make the telemetry available. The TSP shall notify ERCOT if the owner does not comply with the request.

(6) ERCOT shall create a DC Tie Load to represent an equivalent Load withdrawal to represent the flow from the ERCOT Transmission Grid from operation of DC Ties. The actual withdrawal flow on the DC Tie from telemetry provided by the facility owner(s) is the DC Tie Load output.

(7) Each TSP shall also provide information to ERCOT describing automatic Load transfer (rollover) plans and the events that trigger which Loads are switched to other Transmission Elements on detection of Outage of a primary Transmission Element. ERCOT shall accommodate Load rollover plans in the Network Operations Model

(8) Loads associated with a Generation Resource in a common switchyard as defined in Section 10.3.2.3, Generation Netting for ERCOT-Polled Settlement Meters, and served through a transformer owned by the Generation Entity is treated as an auxiliary Load and must be netted first against any generation meeting the requirements under Section 10.3.2.3.

[NPRR425: Insert paragraph (9) below upon implementation of a manual workaround:]

(9) A Resource Entity may aggregate wind turbines together to form a WGR if the turbines are connected to the same Electrical Bus at the Point of Interconnection (POI) and are the same model and size, and the aggregation does not reduce ERCOT's ability to model pre- and post-contingency conditions. A Resource Entity may also aggregate wind turbines that are not the same model and size together with an existing WGR only if:

(a) The mix of wind turbine models and sizes causes no degradation in the dynamic performance of the WGR represented by the parameters modeled by ERCOT in operational studies and the aggregation of wind turbines does not limit ERCOT's ability to model the ERCOT Transmission Grid and the relevant contingencies required for monitoring pre- and post-contingency system limits and conditions;

(b) The mix of wind turbines are included in the Resource asset registration information submitted for the WGR;

(c) All relevant wind turbine data requested by ERCOT is provided;

(d) With the addition of dissimilar wind turbines, the existing WGR shall continue to meet the applicable Protocol performance requirements, including but not limited to Primary Frequency Response, dynamic capability and Reactive Power capability, at the POI; and

(e) Either:

(i) No more than the lower of 5% or ten MW aggregate capacity is of wind turbines that are not the same model or size from the turbines within the existing WGR; or

(ii) The wind turbines that are not the same model or size meet the following criteria:

(A) The wind turbines have similar dynamic characteristics to the existing WGR, as determined by ERCOT in its sole discretion;

(B) The MW capability difference of each wind turbine is no more than 10% of each wind turbine's maximum MW rating; and

(C) The manufacturer's power curves for the wind turbines have a correlation of 0.95 or greater with the other wind turbines within the existing WGR over wind speeds of 0 to 18 m/s.

[NPRR491: Insert Section 3.10.7.2.1 below upon system implementation:]

3.10.7.2.1 Reporting of Demand Response

(1) For Demand response, ERCOT shall post on the MIS Public Area by the fifth Business Day after the start of a calendar month, the MWs of Demand response that is participating in Emergency Response Service (ERS), Ancillary Service as a Load Resource, or pilot project permitted by subsection (k) of P.U.C. SUBST. R. 25.361, Electric Reliability Council of Texas (ERCOT), by Load Zone. Data for participation in ERS shall be based on contracted amounts for each type of service for that calendar month and ERCOT will use best efforts to allocate by Load Zone. ERCOT shall set out separately MWs contracted from both ERS Generators and generators that are participating by offsetting ERS Loads (with aggregated and non-aggregated ERS Generators set forth separately) and MWs of ERS Loads. To the extent that a participating generator is not registered with ERCOT, information about the nameplate rating of the generator and the maximum deliverable to the ERCOT Transmission Grid or to serve native load shall be collected through the ERS contracting process. The report shall include these values for each ERS Contract Period broken down by Time Of Use (TOU). Data for services other than ERS shall be based on the actual procurement (both

awards and self-arranged) for the month prior and shall include the average procurement by service type by hour.

(2) On an annual basis, ERCOT shall work with Market Participants to produce a report summarizing Demand response programs, and MWs enrolled in Demand response in the ERCOT Region. This report shall be posted to the MIS Public Area no later than March 31st of each calendar year.

3.10.7.3 Modeling of Private Use Networks

ERCOT shall create and use network models describing Private Use Networks according to the following:

(1) A Generation Entity with a Resource located within a Private Use Network shall provide data to ERCOT, for use in the Network Operations Model, for each of its individual generating unit(s) located within the Private Use Network in accordance with Section 3.3.2.1, Information to Be Provided to ERCOT, if it meets any one of the following criteria:

(a) Contains a generator greater than ten MW and is registered with the PUCT according to P.U.C. SUBST. R. 25.109, Registration of Power Generation Companies and Self-Generators, as a power generation company; or

(b) Is part of a Private Use Network which contains more than one connection to the ERCOT Transmission Grid; or

(c) Contains generation registered to provide Ancillary Services.

(2) A Generation Entity with a generator greater than ten MW located within a Private Use Network which does not meet any of the criteria of item (1) above shall provide to ERCOT annually, or more often upon change, the following information for ERCOT's use in the Network Operations Model, for each of its individual generating unit(s) located within the Private Use Network:

(a) Equipment owner(s);

(b) Equipment operator(s);

(c) TSP substation name connecting the Private Use Network to the ERCOT System;

(d) At the request of ERCOT, a description of Transmission Elements within the Private Use Network that may be connected through breakers or switches;

(e) Net energy delivery metering, as required by ERCOT, to and from a the Private Use Network and the ERCOT System at the Point of Interconnection (POI) with the TSP;

(f) For each individual generator located within the Private Use Network, the gross capacity in MW and its reactive capability curve;

(g) Maximum and minimum reasonability limits of the Load located within the Private Use Network;

(h) Outage schedule for each generation unit located within the Private Use Network, updated as changes occur from the annually submitted information; and

(i) Other interconnection data as required by ERCOT.

(3) Energy delivered to ERCOT from a non-modeled generator shall be settled in accordance with Section 6.6.3.2, Real-Time Energy Imbalance Payment or Charge at a Load Zone.

(4) ERCOT shall ensure the Network Operations Model properly models the physical effect of the loss of generators and Transmission Elements on the ERCOT Transmission Grid equipment loading, voltage, and stability.

(5) ERCOT may require the owner or operator of a Private Use Network to provide information to ERCOT and the TSP on Transmission Facilities located within the Private Use Network for use in the Network Operations Model if the information is required to adequately model and determine the security of the ERCOT Transmission Grid, including data to perform loop flow analysis of Private Use Networks.

(6) ERCOT shall review submittals of modeling data from owners or operators of Private Use Networks assure that it will result in correct analysis of ERCOT Transmission Grid security.

3.10.7.4 Definition of Special Protection Systems and Remedial Action Plans

(1) All Special Protection Systems (SPSs) and Remedial Action Plans (RAPs) used by ERCOT and the TSPs to maintain a secure system must be defined in the Network Operations Model.

(2) Proposed new SPSs and RAPs and proposed changes to SPSs and RAPs must be submitted to ERCOT for review and approval by ERCOT and all directly affected TSPs and Resource Entities under the applicable procedures in the Operating Guides. Once a new or changed SPS or RAP is approved by ERCOT and all directly affected TSPs and Resource Entities, the TSP shall submit the approved SPS or RAP to ERCOT using an NOMCR. The NOMCR must include a detailed description of the system conditions required to implement the SPS or RAP. Execution of an SPS or RAP must be included or assumed in the calculation of LMPs as well as the Network Operations Model**.** ERCOT shall post all SPSs and RAPs under consideration on the MIS Secure Area within five Business Days of receipt by ERCOT.

(3) ERCOT shall model, and include in the security analysis, approved SPSs and RAPs. ERCOT shall post on the MIS Secure Area all approved SPSs and RAPs at least two Business Days before implementation, identifying the date of implementation.

3.10.7.5 Telemetry Standards

(1) ERCOT and the appropriate TAC subcommittee shall annually review the Telemetry Standards to determine if updates are necessary. The TAC shall approve updates to the Telemetry Standards.

(2) The Telemetry Standards must define the performance and observability requirements of voltage and power flow measurements, including requirements for redundancy of telemetry measurement data, necessary to support the SE in meeting the State Estimator Standards.

(3) The telemetry provided to ERCOT by each TSP must be updated at a ten second or less scan rate and be provided to ERCOT at the same rate. Each TSP and QSE shall install appropriate condition detection capability to notify ERCOT of potentially incorrect data from loss of communication or scan function. Condition codes must accompany the data to indicate its quality and whether the data has been measured within the scan rate requirement. Also, ERCOT shall analyze data received for possible loss of updates. Similarly, ERCOT shall provide condition detection capability on loss of telemetry links with the TSP and QSE. ERCOT shall represent data condition codes from each TSP and QSE in a consistent manner for all applicable ERCOT applications.

(4) Each TSP and QSE shall use fully redundant data communication links (ICCP) between its control center systems and ERCOT systems such that any single element of the communication system can fail and:

(a) For server failures, complete information must be re-established within five minutes by automatic failover to alternate server(s); and

(b) For all other failures, complete information must continue to flow between the TSP's, QSE's, and ERCOT's control centers with updates of all data continuing at a 30 second or less scan rate.

(5) When ERCOT identifies a reliability concern, a deficiency in system observability, or a deficiency in measurement to support the representation of Model Loads, and that concern or deficiency is not due to any inadequacy of the SE program, ERCOT may request that a TSP or QSE provide additional telemetry measurements, beyond those required by the Telemetry Standards, in a reasonable time frame for providing such measurements. Such requests must be submitted to the TSP or QSE with a written justification for the additional telemetry measurements. Such written justification must include documentation of the deficiency in system observability or representation of Model Loads. In making the determination to request additional telemetry measurements, ERCOT shall consider the economic implications of inaccurate representation of Load models in LMP results versus the cost to remedy.

(6) Within 30 days of submittal by ERCOT to the designated contact of a TSP or QSE with a written request justifying additional telemetry measurements, the TSP or QSE shall acknowledge the request and either:

(a) Agree with the request and make reasonable effort to install new equipment providing measurements to ERCOT within the timeframe specified;

(b) Provide ERCOT an analysis of the cost to comply with the request, so that, ERCOT can perform a cost justification with respect to the LMP market; or

(c) If the TSP or QSE disagrees with the request, appeal that request to TAC or present an alternate solution to ERCOT for consideration.

(7) If ERCOT rejects the alternate solution, the TSP or QSE may appeal the original request to TAC within 30 days. If, after receiving an appeal, TAC does not resolve the appeal within 65 days, the TSP or QSE may present its appeal to the ERCOT Board. Notwithstanding the foregoing, a TSP or QSE is not required to provide telemetry measurements from a location not owned by that TSP or QSE, if the location owner does not grant access to the TSP or QSE for the purpose of obtaining such measurements. ERCOT shall report such cases to the IMM.

3.10.7.5.1 Continuous Telemetry of the Status of Breakers and Switches

(1) Each TSP and QSE shall provide telemetry, as described in this subsection, to ERCOT on the status of all breakers and switches used to switch any Transmission Element or Load modeled by ERCOT. Each TSP and QSE is not required to install telemetry on individual breakers and switches, where the telemetered status shown to ERCOT is current and free from ambiguous changes in state caused by the TSP or QSE switching operations and TSP or QSE personnel. Each TSP or QSE shall update the status of any breaker or switch through manual entries, if necessary, to communicate the actual current state of the device to ERCOT, except if the change in state is expected to return to the prior state within one minute. If in the sole opinion of ERCOT, the manual updates of the TSP or QSE have been unsuccessful in maintaining the accuracy required to support SE performance to a TAC-approved predefined standard as described in Section 3.10.9, State Estimator Performance Standard, ERCOT may request that the TSP or QSE install complete telemetry from the breaker or switch to the TSP or QSE, and then to ERCOT. In making the determination to request installation of additional telemetry from a breaker or switch, ERCOT shall consider the economic implications of inaccurate representation of Model Loads in LMP results versus the cost to remedy.

(2) ERCOT shall measure TSP or QSE performance in providing accurate data that do not include ambiguous changes in state and shall report the performance metrics on the MIS Secure Area on a monthly basis.

(3) Unless there is an emergency condition, a TSP or QSE must obtain approval from ERCOT to purposely open a breaker or switch unless that breaker or switch is shown in a Planned Outage in the Outage Scheduler, or the device will return to its previous state

within 60 minutes, or the device is a generator output circuit breaker. Also, a TSP or QSE must obtain approval from ERCOT before closing any breaker or switch, except in response to a Forced Outage, or an emergency, or the device will return to its previous state within 60 minutes, or the device is a generator output circuit breaker.

(4) ERCOT shall monitor the data condition codes of all breakers and switches showing loss of communication or scan function in the Network Operations Model. When the telemetry of breakers and switches is lost, ERCOT shall use the last known state of the device for security analysis as updated by the Outage Scheduler and through verbal communication with the TSP or QSE. ERCOT's systems must identify probable errors in switch or breaker status and ERCOT shall act to resolve or correct such errors in a timely manner as described in Section 6, Adjustment Period and Real-Time Operations.

(5) ERCOT shall establish a system that provides alarms to ERCOT Operators when there is a change in status of any monitored transmission breaker or switch, and an indication of whether the device change of status was planned in the Outage Scheduler. ERCOT Operators shall monitor any changes in status not only for reliability of operations, but also for accuracy and impact on the operation of the SCED functions and subsequent potential for calculation of inaccurate LMPs.

(6) Each QSE that represents a Split Generation Resource, with metering according to Section 3.8, Special Considerations for Split Generation Meters, shall provide ERCOT with telemetry of the actual generator breakers and switches continuously providing ERCOT with the status of the individual Split Generation Resource.

3.10.7.5.2 Continuous Telemetry of the Real-Time Measurements of Bus Load, Voltages, Tap Position, and Flows

(1) Each TSP or QSE shall provide telemetry of voltages, flows, and Loads on any modeled Transmission Element to the extent such may be required to estimate all transmission Load withdrawals and generation injections to and from the ERCOT Transmission Grid using the SE and as needed to achieve the State Estimator Standards with consideration given to the economic implications of inaccurate LMP results versus the cost to remedy.

(2) Each QSE that represents a Split Generation Resource, with metering according to Section 3.8, Special Considerations for Split Generation Meters, Combined Cycle Generation Resources, Quick Start Generation Resources, and Hydro Generation Resources, shall provide ERCOT with telemetry of the actual equivalent generator injection of its Split Generation Resource and the Master QSE shall provide telemetry in accordance with Section 6.5.5.2, Operational Data Requirements, on a total Generation Resource basis. ERCOT shall calculate the sum of each QSE's telemetry on a Split Generation Resource and compare the sum to the telemetry for the total Generation Resource. ERCOT shall notify each QSE representing a Split Generation Resource of any errors in telemetry detected by the SE.

(3) Each TSP shall provide telemetered measurements on modeled Transmission Elements to ensure SE observability, per the Telemetry Standards, of any monitored voltage and

power flow between their associated transmission breakers to the extent such can be shown to be needed in achieving the State Estimator Standards. On monitored non-Load substations, each TSP shall install, at the direction of ERCOT, sufficient telemetry such that there is an "N-1 Redundancy." An N-1 Redundancy exists if the substation remains observable on the loss of any single measurement pair (kW, kVAr) excluding station RTU communication path failures. In making the determination to request additional telemetry, ERCOT shall consider the economic implications of inaccurate representation of Load models in LMP results versus the cost to remedy.

(4) The accuracy of the SE is critical to successful market operations. For this reason it is a critical objective for ERCOT to maintain reasonable and accurate results of the SE. ERCOT shall use all reasonable efforts to achieve that objective, including the provision of legitimate constraints used in calculating LMPs.

(5) Each TSP, QSE and ERCOT shall develop a continuously operated program to maintain telemetry of all Transmission Element measurements to provide accurate SE results as per the State Estimator Standards. For any location where there is a connection of multiple, measured, Transmission Elements, ERCOT shall have an automated process to detect and notify ERCOT System operators if the residual sum of all telemetered measurements is more than:

(a) Five percent of the largest line Normal Rating at the SE Bus; or

(b) Five MW, whichever is greater.

If a location chronically fails this test, ERCOT shall notify the applicable TSP or QSE and suggest actions that the TSP or QSE could take to correct the failure. Within 30 days, the TSP or QSE shall take the actions necessary to correct the failure or provide ERCOT with a detailed plan with a projected time frame to correct the failure. ERCOT shall post a notice on the MIS Secure Area of any SE Buses not meeting the State Estimator Standards, including a list of all measurements and the residual errors on a monthly basis.

(6) ERCOT shall implement a study mode version of the SE with special tools designed for troubleshooting and tuning purposes that can be used independently of any other ERCOT process that is dependent on the Real-Time SE. ERCOT shall implement a process to recognize inaccurate SE results and shall create and implement alternative Real-Time LMP calculation processes for use when inaccurate results are detected. ERCOT must be guided in this by the State Estimator Standards.

(7) ERCOT shall establish a system to provide overload and over/under limit alarming on all Transmission Elements monitored as constraints in the LMP models.

3.10.7.6 Modeling of Generic Transmission Limits

(1) For the sole purpose of creating transmission flow constraints between areas of the ERCOT Transmission Grid for systems unable to recognize system stability limits and

voltage limits on Electrical Buses, ERCOT may create GTLs for use in reliability and market analysis. ERCOT shall not use GTLs for constraints in ERCOT systems capable of being directly modeled as security actions required to enforce stability and voltage limits.

(2) Except as provided in paragraph (3) below, ERCOT shall post all GTLs on the MIS Secure Area no later than the day prior to the GTL becoming effective in any ERCOT application. Posting of GTLs shall include the identity of all constrained transmission flows, old limits, if applicable, and new flow limits, effective date, and an explanation for each flow limit and for the change, if applicable. ERCOT shall provide detailed information on the methodology, including data and studies used for determination of each GTL, on the MIS Secure Area. Market Participants may review and comment on ERCOT's methodology. Within seven days following receipt of any comments, ERCOT shall post the comments with the subject GTL.

(3) If an unexpected change to ERCOT System conditions requires a new GTL to manage ERCOT System reliability not posted pursuant to paragraph (2) above, ERCOT will declare a Watch and post on the MIS Secure Area the new GTL, including the detail information described above. ERCOT shall include an explanation regarding why it did not post the limit change on the previous day.

3.10.8 Dynamic Ratings

(1) ERCOT shall use Dynamic Ratings, where available, in the Network Operations Model and the CRR Network Models.

(2) ERCOT shall use Dynamic Ratings in place of the Normal Rating, Emergency Rating and 15-Minute Rating as applicable as provided under paragraphs (a) or (b) below for Transmission Elements established in the Network Operations Model.

(a) A TSP may provide Dynamic Ratings via ICCP for implementation in the next Operating Hour. ERCOT shall use the Dynamic Ratings in its Supervisory Control and Data Acquisition (SCADA) alarming, Real Time Security Analysis, and SCED process. In addition, the TSP shall provide ERCOT with a table of equipment rating versus temperature for use in operational planning studies.

(b) Each TSP may alternatively elect to provide ERCOT with a table of equipment rating versus temperature and a temperature value in Real-Time for each Weather Zone in which the Transmission Element is located. ERCOT shall apply the table of temperature and rating relationships and ERCOT's current temperature measurements to determine the rating of each such designated piece of equipment for each Operating Hour. ERCOT shall use the TSP-provided table in operational planning studies.

(3) Each Operating Hour, ERCOT shall post on the MIS Secure Area updated Dynamic Ratings adjusted for the current temperature.

(4) ERCOT may request that a TSP submit temperature-adjusted ratings on Transmission Elements that ERCOT identifies as contributing to significant congestion costs. Each TSP shall provide the additional ratings within two months of such a request using one of the two mechanisms for supplying temperature-adjusted ratings identified above. Ratings for Transmission Elements operated by multiple TSPs must be supplied by each TSP that has control. ERCOT shall use the most limiting rating and report the circumstance to the IMM.

3.10.8.1 Dynamic Ratings Delivered via ICCP

(1) The TSP shall supply the following, via ICCP, updated at least every ten minutes:

(a) Line ID;

(b) From station;

(c) To station; and

(d) Each of the three ratings: Normal Rating, Emergency Rating, and 15-Minute Rating.

(2) ERCOT shall link each provided line rating with the ERCOT Network Operations Model and implement the ratings for the next Operating Hour. ERCOT shall use the Dynamic Ratings in its SCADA alarming, real-time Security Analysis, and SCED process. When the telemetry is not operational, ERCOT shall use a temperature appropriate for current conditions, and employ the required Dynamic Rating lookup table to determine the appropriate rating.

3.10.8.2 Dynamic Ratings Delivered via Static Table and Telemetered Temperature

(1) ERCOT shall define a set of tables implementing the dynamic characteristics provided by the TSP(s) and as applicable, Resource Entity(s), of selected transmission lines, including:

(a) Line ID;

(b) From station;

(c) To station;

(d) Weather Zone(s);

(e) TSP(s) and Resource Entity(s); and

(f) Each of the three ratings: Normal Rating, Emergency Rating, and 15-Minute Rating.

(2) Each TSP shall provide a current temperature for each applicable Weather Zone through SCADA telemetry. ERCOT shall determine the appropriate rating based upon the telemetered temperature, and adjust the Normal Rating, Emergency Rating, and 15-Minute Rating within five minutes of receipt for the next Operating Hour. ERCOT shall use the Dynamic Ratings in its SCADA alarming, real-time Security Analysis, and SCED process.

3.10.8.3 Dynamic Rating Network Operations Model Change Requests

ERCOT shall use the NOMCR process by which TSPs provide electronically to ERCOT the dynamic rating table described in Section 3.10.8.2, Dynamic Ratings Delivered via Static Table and Telemetered Temperature.

3.10.8.4 ERCOT Responsibilities Related to Dynamic Ratings

(1) ERCOT shall provide a system to accept and implement Dynamic Ratings or temperatures to be applied to rating tables for each hour in the Day-Ahead and in the Operating Hour. ERCOT shall also:

(a) Provide software and processes that allow secure access for TSPs and Market Participants and that maintains a log of data provided and the actions of the TSP and ERCOT, to implement the Dynamic Ratings as described above;

(b) Use Dynamic Ratings for alarming, compliance with ERCOT and NERC requirements, and SCED purposes in both Real-Time operations and operational planning;

(c) Approve or reject the new Dynamic Rating request within 24 hours of receipt; and

(d) Implement the approved Dynamic Rating automatically within 24 hours of approval.

(2) ERCOT shall provide a system to implement Dynamic Ratings and to obtain monthly expected ambient air temperatures to be applied to rating tables for the CRR Network Models. Temperatures applied to the rating tables shall be determined using the same method as described in item (3)(f) of Section 7.5.5.4, Simultaneous Feasibility Test. Transmission Elements that have Dynamic Ratings implemented in the Network Operations Model must have Dynamic Ratings in the CRR Network Models.

(3) ERCOT shall identify additional Transmission Elements that have a high probability of providing significant added economic efficiency to the ERCOT market through Dynamic Rating and request such Dynamic Ratings from the associated TSP. ERCOT shall post annually the list of the Transmission Elements and identify if the TSP has agreed to provide the rating on the MIS Secure Area.

3.10.8.5 Transmission Service Provider Responsibilities Related to Dynamic Ratings

Each TSP shall:

(a) Provide ERCOT with tables of ratings for different ambient temperatures for Transmission Elements, as requested by ERCOT.

(b) Submit within two months a temperature adjusted rating table when a request is received from ERCOT unless multiple requests are made by ERCOT within the two-month period or unusual circumstances prevent the request from being accommodated in a timely fashion. Such circumstances must be explained to ERCOT in writing and must be posted by ERCOT on the MIS Secure Area within five Business Days of receipt.

(c) Provide Real-Time temperatures for each Weather Zone in which the TSP has existing dynamically rated transmission equipment, or alternatively provide rating updates for each temperature-adjusted line rating updated at least once every ten minutes.

3.10.9 State Estimator Standards

(1) ERCOT and the appropriate TAC subcommittee shall annually review the State Estimator Standards to determine if updates are necessary. TAC shall approve any updates to the State Estimator Standards.

(2) The appropriate TAC subcommittee shall coordinate with Market Participants to ensure a common understanding of the level of State Estimator performance required to enable LMP calculation and meet the State Estimator Standards. Further, the State Estimator Standards must address the State Estimator's ability to detect, correct, or otherwise accommodate communications system failures, failed data points, stale data condition codes, and missing or inaccurate measurements to the extent these capabilities contribute to LMP accuracy and State Estimator performance or as needed to meet reliability requirements.

3.10.9.1 Considerations for State Estimator Standards

In maintaining the State Estimator Standards, the following may be considered:

(a) Desired confidence levels of SE results;

(b) Measurement requirements to estimate power injections and withdrawals at transmission voltage Electrical Buses defined in the SCED transmission model, which may provide for variations in criteria based on:

(i) The number of Transmission Elements connected to a given transmission voltage Electrical Bus;

(ii) The peak demand of the Load connected to a transmission voltage Electrical Bus;

(iii) The total of Resource capacity connected to a transmission voltage Electrical Bus;

(iv) The nominal transmission voltage level of an Electrical Bus;

(v) The number of Electrical Buses with injections or withdrawals along a circuit between currently monitored transmission voltage Electrical Bus;

(vi) Connection of Loads along a continuous, non-branching circuit that may be combined for modeling purposes;

(vii) The quantity of Load at an Electrical Bus that may have its connection to the transmission system automatically transferred to an Electrical Bus other than the one to which it is normally connected (rollover operation);

(vii) Electrical proximity to more than one Resource Node;

(viii) Degree or quality of continued observability following the loss of telemetry measurements resulting from a common mode failure of telemetry-related equipment (*i.e.*, an N-1 telemetry condition); and

(ix) Other parameters or circumstances, as appropriate;

(c) Sensitivity of SE results with respect to variations in input parameters;

(d) Reasonable safeguards to assure SE results are calculated on a non-discriminatory basis; and

(e) Other parameters as deemed appropriate.

3.10.9.2 Telemetry and State Estimator Performance Monitoring

ERCOT shall monitor the performance of the State Estimator, Network Security Analysis, SCED, and LMP Calculator. ERCOT shall post a monthly report of these items on the MIS Secure Area. ERCOT shall notify affected TSPs of any lapses of observability of the transmission system.

3.11 Transmission Planning

3.11.1 Overview

(1) Any stakeholder, regardless if it is a Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP), may develop and submit proposed projects to the

Regional Planning Groups (RPGs), and review projects developed and proposed by the RPGs. Broad participation in the process will result in a thorough development of projects. However, confidentiality provisions prevent participation of non-TSPs and/or DSPs in the studies leading to interconnection agreements with generators until they become public.

(2) Project endorsement through the ERCOT Regional Planning process is intended to support, to the extent applicable, a finding by the Public Utility Commission of Texas (PUCT) that a project is necessary for the service, accommodation, convenience, or safety of the public within the meaning of Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 37.056 (Vernon 1998 and Supp. 2007) (PURA) and P.U.C. SUBST. R. 25.101, Certification Criteria.

3.11.2 Planning Criteria

(1) ERCOT and TSPs shall evaluate the need for transmission system improvements and shall evaluate the relative value of alternative improvements based on established technical and economic criteria.

(2) The technical reliability criteria are established by the Planning Guide, Operating Guides, and the North American Electric Reliability Corporation (NERC) Reliability Standards. ERCOT and TSPs shall strongly endeavor to meet these criteria, identify current and future violations thereof and initiate solutions necessary to ensure continual compliance.

(3) ERCOT shall attempt to meet these reliability criteria as economically as possible and shall actively identify economic projects to meet this goal.

(4) For economic projects, the net economic benefit of a proposed project, or set of projects, will be assessed over the project's life based on the net societal benefit that is reasonably expected to accrue from the project. The project will be recommended if it is reasonably expected to result in positive net societal benefits.

(5) To determine the societal benefit of a proposed project, the revenue requirement of the capital cost of the project is compared to the expected savings in system production costs resulting from the project over the expected life of the project. Indirect benefits and costs associated with the project should be considered as well, where appropriate. The current set of financial assumptions upon which the revenue requirement calculations is based will be reviewed annually, updated as necessary by ERCOT, and posted on the Market Information System (MIS) Secure Area. The expected production costs are based on a chronological simulation of the security-constrained unit commitment and economic dispatch of the generators connected to the ERCOT Transmission Grid to serve the expected ERCOT System Load over the planning horizon. This market simulation is intended to provide a reasonable representation of how the ERCOT System is expected to be operated over the simulated time period. From a practical standpoint, it is not feasible to perform this production cost simulation for the entire 30 to 40 year expected life of the project. Therefore, the production costs are projected over the period for which a simulation is feasible and a qualitative assessment is made of whether the factors driving

the production cost savings due to the project can reasonably be expected to continue. If so, the levelized ERCOT-wide annual production cost savings over the period for which the simulation is feasible is calculated and compared to the first year annual revenue requirement of the transmission project. If this production cost savings equals or exceeds this annual revenue requirement for the project, the project is economic from a societal perspective and will be recommended.

(6) Other indicators based on analyses of ERCOT System operations may be considered as appropriate in the determination of benefits. In order for such an alternate indicator to be considered, the costs must be reasonably expected to be on-going and be adequately quantifiable and unavoidable given the physical limitation of the transmission system. These alternate indicators include:

(a) Reliability Unit Commitment (RUC) Settlement for unit operations;

(b) Visible ERCOT market indicators such as clearing prices of Congestion Revenue Rights (CRRs); and

(c) Actual Locational Marginal Prices (LMPs) and observed congestion.

3.11.3 Regional Planning Group

ERCOT shall lead and facilitate a Regional Planning Group (RPG) to consider and review proposed projects to address transmission constraints and other ERCOT System needs. The RPG will be a non-voting, consensus-based organization focused on identifying needs, identifying potential solutions, communicating varying viewpoints and reviewing analyses related to the ERCOT Transmission Grid in the planning horizon. Participation in the RPG is required of all TSPs and is open to all Market Participants, consumers, other stakeholders, and PUCT Staff.

3.11.4 Regional Planning Group Project Review Process

3.11.4.1 Project Submission

(1) Any stakeholder may initiate an RPG Project Review through the submission of a document describing the scope of the proposed project to ERCOT. Projects should be submitted with sufficient lead-time to allow the RPG Project Review to be completed prior to the date on which the project must be initiated by the designated TSP.

(2) Stakeholders may submit projects for RPG Project Review within any project Tier. All transmission projects in Tiers 1, 2 and 3 should be submitted. TSPs are not required to submit Tier 4 projects for RPG review, but should include any Tier 4 projects that are known in advance in the cases used for development of the Regional Transmission Plan.

(3) All system improvements that are necessary for the project to achieve the system performance improvement, or to correct the system performance deficiency, for which the project is intended should be included into a single project submission.

3.11.4.2 Project Comment Process

ERCOT shall conduct a comment process which is open to the stakeholders for all proposed Tier 1, 2 and 3 projects. The proposer of the project will have a reasonable period of time, as established by ERCOT, to answer questions and respond to comments submitted during this process. The Planning Guide provides details of this process.

3.11.4.3 Categorization of Proposed Transmission Projects

(1) ERCOT classifies all proposed transmission projects into one of four categories (or Tiers). Each Tier is defined so that projects with a similar cost and impact on reliability and the ERCOT market are grouped into the same Tier. The criteria used to classify a specific project into the appropriate Tier are described in Section 3.11.4.4, Tier 4, through Section 3.11.4.7, Tier 1, in increasing order of the level of review to which the projects within the Tier are subjected.

(2) ERCOT may use its reasonable judgment to increase the level of review of a proposed project (e.g., from Tier 3 to Tier 2) from that which would be strictly indicated by these criteria, based on stakeholder comments, ERCOT analysis or the system impacts of the project.

(3) Any project that would be built by an Entity that is exempt (e.g., a Municipally Owned Utility (MOU)) from getting a Certificate of Convenience and Necessity (CCN) for transmission projects but would require a CCN if it were to be built by a regulated Entity will be treated as if the project would require a CCN for the purpose of defining the Tier of the project.

3.11.4.4 Tier 4

(1) This category consists of small system upgrades with estimated capital cost less than or equal to $15,000,000 and that do not require a CCN, as well as certain “Neutral” projects. Neutral projects are:

(a) The addition of or upgrades to radial transmission lines; the addition of equipment that does not affect the transfer capability of a line;

(b) Repair and replacement-in-kind projects;

(c) Projects that are directly associated with the interconnection of new generation; and

(d) The addition of static reactive devices.

(2) A project, irrespective of estimated capital cost, to serve a new Load is considered to be a Neutral project even if a CCN is required, unless such project would create a new transmission line connection between two stations (other than looping an existing line into the new Load-serving station).

3.11.4.5 Tier 3

This category consists of projects with estimated capital costs between $15,000,000 and $50,000,000 not requiring a CCN.

(a) ERCOT shall accept a Tier 3 project if no concerns, questions or objections are provided during the project comment process;

(b) If reasonable ERCOT or stakeholder concerns about a Tier 3 project cannot be resolved during the time period allotted by ERCOT, the project may be processed as a Tier 2 project, unless ERCOT assesses that reasonable progress is being made toward resolving these concerns; and

(c) Projects that are required to meet an individual TSP's Planning Criteria and that are not required by the NERC Reliability Standards or ERCOT Planning Criteria shall also be processed in this Tier, and shall be reclassified as a Tier 4 Neutral project if comments are resolved.

3.11.4.6 Tier 2

This category consists of projects with estimated capital costs less than $50,000,000 requiring a CCN. ERCOT shall conduct an independent review of the submitted Tier 2 project to include the following:

(a) ERCOT's independent review shall consist of studies and analyses necessary for ERCOT to make its assessment of whether the proposed project is needed and whether the proposed project is the preferred solution to the identified system performance deficiency that the project is intended to resolve;

(b) ERCOT shall consider all comments received during the project comment process and factor reasonable comments into its independent review of the project;

(c) ERCOT will attempt to complete its independent review for a project in 90 days or less. If ERCOT is unable to complete their independent review based on RPG input within 90 days, ERCOT shall provide the project submitter a reason for the delay and expected completion time;

(d) ERCOT may, at its discretion, discuss submitted transmission projects at meetings of the RPG in order to obtain additional input into its independent review; and

(e) ERCOT shall prepare a written report documenting the results of its independent review and recommendation on the project and shall distribute this report to the RPG.

3.11.4.7 Tier 1

(1) This category is for all projects whose estimated capital cost is $50,000,000 or greater. ERCOT shall conduct an independent review of the submitted Tier 1 project to include the following:

(a) ERCOT's independent review will consist of studies and analyses necessary for ERCOT to make its assessment of whether the proposed project is needed and whether the proposed project is the preferred solution to the identified system performance deficiency that the project is intended to resolve;

(b) ERCOT will consider all comments received during the project comment process and factor reasonable comments into its independent review of the project;

(c) ERCOT will attempt to complete its independent review for a project in 90 days or less. If ERCOT is unable to complete their independent review based on RPG input within 90 days, ERCOT shall provide the project submitter a reason for the delay and expected completion time;

(d) ERCOT may, at its discretion, discuss submitted transmission projects at meetings of the RPG in order to obtain additional input into its independent review; and

(e) ERCOT shall prepare a written report documenting the results of its independent review and recommendation on the project and shall distribute this report to the RPG.

(2) Tier 1 Projects require ERCOT Board endorsement.

3.11.4.8 Determine Designated Providers of Transmission Additions

Upon completion of the RPG Project Review, ERCOT shall determine designated providers for the recommended transmission projects. The default TSPs will be those TSPs that own the end points of the new projects. Those TSPs can agree to provide or delegate the new facilities. If different TSPs own the two ends of the recommended project, ERCOT will designate them as co-providers of the recommended project, and they can decide between themselves what parts of the recommended project they will each provide. If they cannot agree, ERCOT will determine their responsibility following a meeting with the parties. If a designated TSP agrees to provide a project and that designated TSP does not diligently pursue the project (during the time frame before a CCN is filed, if required) in a manner that will meet the required in-service date, then upon concurrence of the ERCOT Board, ERCOT will solicit interest from TSPs through the RPG and will designate an alternate TSP.

3.11.4.9 Regional Planning Group Acceptance and ERCOT Endorsement

(1) For Tier 3 projects, successful resolution of all comments received from ERCOT and stakeholders during the project comment process will result in RPG acceptance of the proposed project. A RPG acceptance letter shall be sent to the designated TSP for the project, the project submitter (if different from the designated TSP), and copied to the RPG. For Tier 2 projects, ERCOT's recommendation as a result of its independent review of the proposed project will constitute ERCOT endorsement of the project. For Tier 1 projects, ERCOT's endorsement is obtained upon affirmative vote of the ERCOT Board. An ERCOT endorsement letter shall be sent to the designated TSP for the project, the project submitter (if different from the designated TSP), the PUCT and copied to the RPG upon receipt of ERCOT's endorsement for Tier 1 and Tier 2 projects.

(2) Following the completion of its independent review, ERCOT shall present all Tier 1 projects to the ERCOT Board with its recommendation as to whether the project should be endorsed by the ERCOT Board. Prior to presenting the project to the ERCOT Board, ERCOT shall present the project to the Technical Advisory Committee (TAC) for review and comment. Comments from TAC shall be included in the presentation to the ERCOT Board. ERCOT will make a reasonable effort to make these presentations to TAC and the ERCOT Board at the next regularly scheduled meetings following completion of its independent review of the project.

3.11.4.10 Modifications to ERCOT Endorsed Projects

If the designated TSP for an ERCOT-endorsed project determines a need to make a significant change to the facilities included in the project (such as the line endpoint(s), number of circuits, voltage level, decrease in rating or similar major aspect of the project) prior to filing a CCN application (if required) for the project (or prior to beginning the final design of the project, if no CCN is required), the TSP shall notify ERCOT in a timely manner of the details of that change. If ERCOT concurs that the proposed change is significant, the change shall be processed as a Tier 3 project.

3.11.5 Assessment of Chronic Congestion

(1) ERCOT shall monitor the differences in LMPs from the Security-Constrained Economic Dispatch (SCED) process to identify geographic areas potentially experiencing chronic congestion. On determination of chronic congestion, ERCOT shall:

(a) Validate with the TSP that the data from the Network Operating Model and the Updated Network Model are correct. If the models are valid, ERCOT shall use the planning criteria in the transmission planning process, through the RPG, to develop recommendations for resolution, if applicable.

(b) Post all the results from this process on the MIS Secure Area and provide them to the PUCT Staff, the Independent Market Monitor (IMM), the appropriate TAC subcommittee(s), and the ERCOT Board.

(2) ERCOT shall provide specific interval data for Load and generation to TSPs and/or DSPs, upon request, in accordance with confidentiality as defined in Section 1.3, Confidentiality.

(a) The TSP's and/or DSP's request for interval data shall identify the reason for requesting the information in regards to impact to the planning process (e.g. build power flow cases, conduct a specific study, etc.).

(b) ERCOT shall evaluate the TSP and/or DSP request and validate reasons provided.

(c) Upon ERCOT validation of the TSP and/or DSP request, the data provided shall include meter data measured at points of injection and points of delivery which will measurably impact the TSP's and/or DSP's planning and operations as determined by ERCOT (e.g., determination of the TSP's and/or DSP's system Load or power flows).

(d) If ERCOT determines that the request is invalid and denies it, ERCOT shall provide the reasoning for denying the request.

3.11.6 Generation Interconnection Process

The generation interconnection process facilitates the interconnection of new generation units in the ERCOT Region by assessing the transmission upgrades necessary for new generating units to operate reliably. The process to study interconnecting new generation or modifying an existing generation interconnection to the ERCOT Transmission Grid is covered in the Planning Guide. The generation interconnection study process primarily addresses the direct connection of generation Facilities to the ERCOT Transmission Grid and directly-related projects. Projects that are identified through this process and are regional in nature may be reviewed through the RPG Project Review process upon recommendation by the TSP or ERCOT, subject to the confidentiality provisions of the generation interconnection procedure. ERCOT shall perform an independent economic analysis of the transmission projects that are identified through this process that are expected to cost more than $25,000,000. This economic analysis is performed only for informational purposes; as such, no ERCOT endorsement will be provided. The results of the economic analysis shall be included in the interconnection study posting. Additional upgrades to the ERCOT Transmission Grid that might be cost-effective as a result of new or modified generation may be initiated by any stakeholder through the RPG Project Review procedure described in Section 3.11.4, Regional Planning Group Project Review Process, at the appropriate time, subject to the confidentiality provisions of the generation interconnection procedure.

3.12 Load Forecasting

ERCOT shall produce and use Load forecasts to serve operations and planning objectives.

(a) ERCOT shall update and post hourly on the Market Information System (MIS) Public Area, a "Seven-Day Load Forecast" as described in Section 3.12.1, Seven-

Day Load Forecast, that provides forecasted hourly Load over the next 168 hours for each of the Weather Zones and for each of the Forecast Zones.

(b) ERCOT shall develop and post monthly on the MIS Secure Area a "36-Month Load Forecast" that provides a daily minimum and maximum Load forecast for the next 36-months for the ERCOT Region, for each of the Weather Zones, and for each of the Forecast Zones. The 36-Month Load Forecast is used in the Outage coordination process and for Resource adequacy reporting.

3.12.1 Seven-Day Load Forecast

(1) ERCOT shall use the Seven-Day Load Forecast to predict hourly Loads for the next 168 hours based on current weather forecast parameters within each Weather Zone. Preparation for Day-Ahead Operations requires an accurate forecast of the Loads for which generation capacity must be secured. The Seven-Day Load Forecast must have a "self-training" mode that allows ERCOT to review historic Load data and provide the ability to retrain the Seven-Day Load Forecast algorithm.

(2) The inputs for the Seven-Day Load Forecast are as follows:

(a) Hourly forecasted weather parameters for the weather stations within the Weather Zones, which are updated at least once per hour; and

(b) Training information based on historic hourly integrated Weather Zone Loads.

(3) ERCOT shall review the forecast suggested by Seven-Day Load Forecast and shall use its judgment, if necessary, to modify the result prior to implementation in the Ancillary Service capacity Monitor, Day-Ahead Reliability Unit Commitment (DRUC), Hour-Ahead Reliability Unit Commitment (HRUC), and Resource adequacy reporting.

3.13 Renewable Production Potential Forecasts

(1) ERCOT shall produce forecasts of Renewable Production Potential (RPP) for Wind-powered Generation Resources (WGRs) to be used as an input into the Day-Ahead Reliability Unit Commitment (DRUC) and Hour-Ahead Reliability Unit Commitment (HRUC). ERCOT shall produce the forecasts using information provided by WGR Entities, meteorological information, and Supervisory Control and Data Acquisition (SCADA). WGR Entities shall install telemetry at their WGRs and transmit the ERCOT-specified site-specific meteorological information to ERCOT. WGR Entities shall also provide detailed equipment status at the WGR facility as specified by ERCOT to support the RPP forecast. ERCOT shall post forecasts for each WGR to the Qualified Scheduling Entities (QSEs) representing WGRs on the Market Information System (MIS) Certified Area. QSEs shall use the ERCOT-provided forecasts for WGRs throughout the Day-Ahead and Operating Day for applicable markets and Reliability Unit Commitments (RUCs). Similar requirements for solar power and run-of-the-river hydro must be developed as needed.

(2) ERCOT shall develop cost-effective tools or services to forecast energy production from Intermittent Renewable Resources (IRRs) with technical assistance from QSEs scheduling IRRs. ERCOT shall use its best efforts to develop accurate and unbiased forecasts, as limited by the availability of relevant explanatory data. ERCOT shall post on the MIS Secure Area objective criteria and thresholds for unbiased, accurate forecasts within five Business Days of change.

3.14 Contracts for Reliability Resources and Emergency Response Service Resources

ERCOT shall procure Reliability Must-Run (RMR) Service, Black Start Service (BSS) or Emergency Response Service (ERS) through Agreements.

3.14.1 Reliability Must Run

(1) RMR Service is the use by ERCOT, under contracts with Resource Entities, of capacity and energy from Generation Resources that otherwise would not operate and that are necessary to provide voltage support, stability or management of localized transmission constraints under applicable reliability criteria, where market solutions do not exist. This includes service provided by RMR Units and Must-Run Alternative (MRA) Resources.

(a) Upon receiving Notice from a Resource Entity as described in Section 3.14.1.1, Notification of Suspension of Operations, ERCOT may enter into RMR Agreements and begin procurement of RMR Service under this Section.

(b) Before entering into an RMR Agreement, ERCOT shall assess alternatives to the proposed RMR Agreement. ERCOT shall evaluate and present in a written report posted on the Market Information System (MIS) Secure Area the information in items (i) through (v) below. ERCOT is not limited in the number of additional scenarios it chooses to evaluate. The written report shall include an explanation as to why the items below are insufficient, either alone or in combination, to fill the requirement that will be met by the potential RMR Unit. The report shall be posted in the time frame required under paragraph (3) of Section 3.14.1.2, ERCOT Evaluation. The list of alternatives ERCOT must consider includes (as reasonable for each type of reliability concern identified):

(i) Redispatch/reconfiguration through operator instruction;

(ii) Remedial Action Plans (RAPs);

(iii) Special Protection Systems (SPSs) initiated on unit trips or Transmission Facilities' Outages;

(iv) Load response alternatives once a suitable Load response service is defined and available; and

(v) Resource alternatives, including capabilities of Distributed Generation (DG), Load Resources, Direct Current Ties (DC Ties), Block Load Transfers (BLTs), etc.

(c) ERCOT shall minimize the use of RMR Units as much as practicable subject to the other provisions of these Protocols. ERCOT may Dispatch an RMR Unit at any time for ERCOT System security.

(d) Each RMR Unit must meet technical requirements specified in Section 8.1.1.1, Ancillary Service Qualification and Testing.

(e) ERCOT may execute RMR Agreements for no less than one month and no more than one year, with one exception. ERCOT may execute an RMR Agreement for a term longer than 12 months if the Resource Entity must make a significant capital expenditure to meet environmental regulations or to ensure availability to continue operating the RMR Unit so as to make an RMR Agreement in excess of 12 months appropriate, in ERCOT's opinion. The term of a multi-year RMR Agreement must take into account the appropriate RMR exit strategy discussed in Section 3.14.1.4, Exit Strategy from an RMR Agreement. In the event ERCOT chooses to contract for an RMR Unit for longer than one year, ERCOT shall annually re-evaluate the need for the RMR Unit under the criteria set forth in paragraph (b) above. If ERCOT determines the RMR Unit is no longer needed, ERCOT shall enter into exit negotiations with the contract signatories to attempt to exit the contract early. However, ERCOT shall not enter into such negotiations until a Market Notice is issued providing the anticipated RMR exit time frame. The RMR standard Agreement is included in Section 22, Attachment B, Standard Form Reliability Must-Run Agreement. ERCOT shall post each RMR Agreement in its entirety, including amendments or modifications thereto, within five Business Days of execution on the MIS Secure Area.

(f) A Generation Resource is eligible for RMR status based on criteria established by ERCOT indicating its operation is necessary to support ERCOT System reliability according to the Operating Guides. A combined-cycle generation Facility must be treated as a single unit for RMR purposes unless the combustion turbine and the steam turbine can operate separately. If the steam turbine and combustion turbine can operate separately, and the steam turbine is powered by waste heat from more than one combustion turbine, the combustion turbine accepted for RMR Service and a proportionate part of the steam turbine must be treated as a single unit for RMR purposes. If the combustion turbine accepted for RMR Service can operate separately from the steam turbine, and only the combustion turbine is accepted as an RMR Unit, the RMR energy price will be reduced by the value of the combustion turbine's waste heat calculated at the Fuel Index Price (FIP), except when the steam turbine is Off-Line. ERCOT shall post to the MIS Secure Area the criteria upon which it evaluates whether an RMR Unit meets the test of operational necessity to support ERCOT System reliability within five Business Days of change and shall issue a Market Notice stating the determination is available. This includes the case where a unit previously

identified by ERCOT as potentially needed for RMR Service is no longer needed regardless of whether an RMR Agreement was ever signed.

(g) A Resource Entity cannot be compelled to enter into an RMR Agreement. A Resource Entity that owns a Generation Resource that is uneconomic to remain in service can voluntarily petition ERCOT for contracted RMR status by following the process in this subsection. ERCOT shall determine whether the Generation Resource is necessary for system reliability based on the criteria set forth in this Section.

(h) ERCOT must contract for the entire capacity of each RMR Unit.

(i) ERCOT shall post on the MIS Secure Area all information relative to the use of RMR Units including energy deployed monthly.

(j) The Resource Entity that owns the RMR Unit may not use the RMR Unit for:

(i) Participating in the bilateral energy market;

(ii) Self-providing of energy except for plant auxiliary Load obligations under the RMR Agreement; and

(iii) Providing of Ancillary Service to any Entity.

(k) ERCOT shall issue a Market Notice on the need for an RMR Unit prior to entering negotiations for the RMR Unit. Such Market Notice shall include the link to the ERCOT final RMR evaluation, the Resource name and pneumonic, the name of the Resource Entity, the name of the Qualified Scheduling Entity (QSE) for the Resource, the Resource MW rating by Season, and potential duration of the RMR Agreement, including anticipated start and end dates.

(l) ERCOT shall, through the issuance of Market Notices, provide the same information, contemporaneously, about the need for, or elimination of an RMR Unit to all registered Market Participants, including QSEs and Resource Entities with RMR Units.

3.14.1.1 Notification of Suspension of Operations

(1) Except for the occurrence of a Forced Outage, a Resource Entity must notify ERCOT in writing no less than 90 days prior to the date on which the Resource Entity intends to cease or suspend operation of a Generation Resource for a period of greater than 180 days including mothballing the Generation Resource on a seasonal basis and identify its Seasonal Operation Period.

(2) The Resource Entity shall submit a completed Part I and Part II of the Notification of Suspension of Operations (found in Section 22, Attachment E, Notification of Suspension of Operations). The Resource Entity may also complete Part III of the Notification and

submit it along with Parts I and II, or may wait to submit Part III until ERCOT makes an initial determination of the need for the Generation Resource as an RMR Unit. The Part I Notification must include the attestation of an officer of the Resource Entity that the Generation Resource is uneconomic to remain in service as currently designated and will be unavailable for Dispatch by ERCOT for a period specified in the Notification.

(3) A Resource Entity ceasing or suspending operations as a result of a Forced Outage lasting greater than 180 days shall notify ERCOT as soon as practicable. A Notification of Suspension of Operations submitted due to a Forced Outage will not be evaluated for RMR status and will not be posted on the MIS.

(4) At least 60 days before the expiration of an existing RMR Agreement, the Resource Entity may apply to renew the RMR Agreement by submitting a new Notification (including both Part I and Part II). Upon receipt of such a renewal request, ERCOT shall update and post to the MIS Secure Area, studies as set forth in Section 3.14.1, Reliability Must Run, within 15 Business Days.

3.14.1.2 ERCOT Evaluation

(1) Upon receipt of a Notification under Section 3.14.1.1, Notification of Suspension of Operations, ERCOT shall post the Notification on the MIS Secure Area and shall post all existing relevant studies and data and provide a Market Notice of the application and posting of the studies and data.

(2) Within 14 days after receiving the Notification described in paragraph (1) above, unless otherwise notified by ERCOT that a shorter comment period is required, Market Participants may submit comments to ERCOT on whether the proposed RMR Unit meets the test of operational necessity to support ERCOT System reliability or whether the proposed RMR Unit should qualify for a multi-year RMR Agreement. ERCOT shall consider and post all submitted comments on the MIS Secure Area.

(3) Within 24 days after receiving the Notification, ERCOT shall make an initial determination of whether the Generation Resource is required to support ERCOT transmission system reliability.

(a) ERCOT shall develop a Load value for use in the RMR study as follows: For the Load in the RMR local area, ERCOT shall use the regional Load value provided by the appropriate Transmission Service Provider (TSP) as part of the annual Steady State Working Group (SSWG) study case development process. For Load for the rest of the system, ERCOT shall use maximum system peak Load forecast for the next 12 months based on the weekly Load forecast data posted pursuant to P.U.C. SUBST. R. 25.505, Resource Adequacy in the Electric Reliability Council of Texas Power Region.

(b) If the Notification indicates that the Generation Resource(s) will decommission, suspend operation indefinitely, or suspend operation for a time period exceeding 12 months, ERCOT, in its sole discretion, may perform transmission reliability

analysis over a planning horizon as defined by the available SSWG power flow base cases but not to exceed two years.

(c) If the reliability analysis in paragraph (b) above is performed and if the analysis identifies any deficiencies during the two year planning horizon, ERCOT shall pursue solutions to those deficiencies in the following order of priority:

(i) Alternatives outlined in paragraph (1)(b) of Section 3.14.1, Reliability Must Run, as well as any other operational alternatives deemed to be viable by ERCOT.

(ii) Transmission upgrades that do not require a Certificate of Convenience and Necessity (CCN) or new rights-of-way that can be implemented prior to the time period that the reliability deficiency has been identified.

(iii) Transmission upgrades that require a CCN or new rights-of-way that will eliminate the reliability deficiency prior to the time period that the reliability deficiency has been identified.

(iv) If items (i) through (iii) above do not resolve the deficiency, then ERCOT shall attempt to enter into an RMR or MRA Agreement to address the reliability deficiency.

(d) Additionally, ERCOT shall conduct any other analysis (e.g., operations studies) as required and shall post all study data and results and all analyses and its determination on the MIS Secure Area and issue a Market Notice of its determination.

(4) Within ten days after a determination by ERCOT that the Generation Resource is required to support ERCOT System reliability, the Resource Entity shall, if it has not already done so, complete and submit to ERCOT Part II of the Notification of Suspension of Operations (Section 22, Attachment E, Notification of Suspension of Operations). ERCOT shall post the Part II information on the MIS Secure Area. On the 11th day after the determination or on receipt of Part II of the Notification, whichever comes first, ERCOT and the Resource Entity shall begin good faith negotiations on an RMR Agreement. These negotiations shall include the budgeting process for Eligible Costs and for fuel costs as detailed in Section 3.14.1.11, Budgeting Eligible Costs, and Section 3.14.1.15, Budgeting Fuel Costs.

(5) Within 60 days after receiving the Part I Notification, ERCOT shall make a final assessment of whether the Generation Resource is required to support ERCOT System reliability. ERCOT shall issue a Market Notice of its determination prior to entering RMR Agreement negotiations with the Generation Resource. If ERCOT determines that the Generation Resource is required, and the RMR Agreement between ERCOT and the Generation Resource has not yet been finalized, good faith negotiations must continue. At the end of 60 days, ERCOT shall issue a Market Notice on the status of negotiations containing an indication as to whether negotiations are ongoing and the expected time frame for conclusion of negotiations. If ERCOT determines that the Generation

Resource is not needed to support ERCOT System reliability, then the Generation Resource may cease or suspend operations according to the schedule in its Notification, and ERCOT shall issue a Market Notice to this effect.

(6) ERCOT shall issue a Market Notice on the status of the RMR Unit, including the start date, duration of the RMR Agreement, the Standby Cost per MW and the amount of MW under contract, within 24 hours of signing an RMR Agreement with a Resource Entity.

(7) If, after 90 days following ERCOT's receipt of the Part I Notification, either ERCOT has not informed the Resource Entity that the Generation Resource is not needed for ERCOT System reliability or both parties have not signed a RMR Agreement for a Generation Resource that ERCOT has determined to be required for ERCOT System reliability, then the Resource Entity may file a complaint with the Public Utility Commission of Texas (PUCT) under subsection (e)(1) of P.U.C. SUBST. R. 25.502, Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas.

(8) If, after 90 days following receipt of the Part I Notification, ERCOT and the Resource Entity have not finalized an RMR Agreement for a Generation Resource that ERCOT has determined to be required for ERCOT System reliability, then the Resource Entity shall maintain that Generation Resource(s) so that it is available for Reliability Unit Commitment (RUC) commitment until no longer required to do so under subsection (e)(2) of P.U.C. SUBST. R. 25.502.

3.14.1.2.1 ERCOT Evaluation of Seasonal Mothball Status

(1) ERCOT shall evaluate requests to place Generation Resources on a seasonal mothball status pursuant to the guidelines provided in Section 3.14.1.2, ERCOT Evaluation, except as stated below.

(2) Within 30 days after receiving the Notification of Suspension of Operations described in Section 3.14.1.1, Notification of Suspension of Operations, ERCOT shall make an initial assessment of whether the Generation Resource is required to support ERCOT System reliability during the portion of the year when the Generation Resource would be unavailable.

(a) For the purpose of studying a Generating Resource operating under a Seasonal Operation Period, ERCOT shall use the Load value provided by the appropriate TSP as part of the annual SSWG study case development process for Load in the seasonal Generation Resource local area. For the rest of the system, ERCOT shall use the weekly peak Load forecast between October 1 and May 31, as applicable, seasonally. The forecast data is posted pursuant to P.U.C. Subst. R. 25.505, Resource Adequacy in the Electric Reliability Council of Texas Power Region.

(3) Within 60 days after receiving the Notification of Suspension of Operations ERCOT shall make a final assessment of whether the Generation Resource is required to support ERCOT System reliability during the portion of the year when the Generation Resource would be unavailable.

3.14.1.3 ERCOT Report to Board on Signed RMR Agreements

(1) After receiving a Notification of Suspension of Operations and conducting the analysis required by the Protocols and after the date on which it executes an RMR Agreement, ERCOT shall provide notice to the ERCOT Board, at the next ERCOT Board meeting after ERCOT has signed the RMR Agreement, that the following steps have been completed with respect to any RMR Agreement signed by ERCOT:

(a) The Resource Entity provided a complete and timely Notification of Suspension of Operations including a sworn attestation supporting its claim of pending Generation Resource closure;

(b) ERCOT received all the data requested from the applicant necessary to evaluate the need for and provisions of the RMR Agreement, that information was posted on the MIS Secure Area by ERCOT, as it became available to ERCOT;

(c) The signed RMR Agreement complies with the ERCOT Protocols and is posted on the MIS Secure Area;

(d) ERCOT evaluated:

(i) The reasonable alternatives to a specific RMR Agreement as set forth in Section 3.14.1, Reliability Must Run, and compared the alternatives against the feasibility, cost and reliability impacts of the signed RMR Agreement;

(ii) The timeframe in which ERCOT expects each unit to be needed for reliability; and

(iii) The specific type and scope of reliability concerns identified for each RMR Unit.

(2) ERCOT shall post on the MIS Secure Area, as they become available, unit-specific studies, reports, and data, by which ERCOT justified entering into the RMR Agreement.

3.14.1.4 Exit Strategy from an RMR Agreement

No later than 90 days after the execution of an RMR Agreement, ERCOT shall report to the Board and post on the MIS Secure Area a list of feasible alternatives that may, at a future time, be more cost-effective than the continued renewal of the existing RMR Agreement. Through the ERCOT System planning process, ERCOT shall develop a list of potential alternatives to the service provided by the RMR Unit. At a minimum, the list of potential alternatives that ERCOT must consider include, building new or expanding existing Transmission Facilities, installing voltage control devices, soliciting or buying by auction interruptible Load from Retail Electric Providers (REPs), or extending the existing RMR Agreement on an annual basis. If a cost-effective alternative to the service provided by the RMR Unit is identified, ERCOT shall provide a proposed timeline to study and/or implement the alternative.

3.14.1.5 Potential Alternatives to RMR Agreements

(1) ERCOT shall provide reasonably available information that would enable potential MRA Resources to assess the feasibility of submitting a proposal to provide a more cost-effective alternative to an RMR Unit through the regional planning process, including any known minimum technical requirements and/or operational characteristics required to eliminate the need for the RMR Unit. The Technical Advisory Committee (TAC) shall review the output of the regional planning process and provide guidance prior to entering into an agreement with an MRA Resource (MRA Agreement).

(2) After the process identified in paragraph (1) above, and subsequent to the issuance of a Market Notice on the intent to enter into an MRA Agreement detailing the solution, location and MW as applicable, ERCOT may negotiate a contract for an MRA Resource that:

(a) Technically provides an acceptable solution to the reliability concern that would otherwise be solved by the RMR Unit(s);

(b) Will provide a more cost effective alternative to continued service by the RMR Unit (evaluated over the exit strategy period); provided, however, that no proposed MRA Resource will be considered if it does not provide at least $1 million in annual savings over the projected net annualized costs for the RMR Unit; and

(c) Satisfies objective financial criteria to demonstrate that the seller is reasonably able to fulfill its performance obligations as determined by ERCOT.

(3) If the resulting MRA Agreement would result in significantly lower total costs than continued service by the RMR Agreement, and otherwise meets the requirements of this subsection, ERCOT may sign the MRA Agreement. ERCOT shall issue a Market Notice documenting the solution, location(s), and expected MW and duration of supply, as applicable, within 24 hours of signing the MRA Agreement. The term of the MRA Agreement must be limited to the time period until the cost effective exit strategy can be implemented.

(4) If the execution of an MRA Agreement would result in the foreclosure of other technically viable solutions (e.g., the RMR Unit that is being replaced by the MRA Agreement retires and is no longer available as an alternative to the MRA Agreement), the MRA Agreement shall include terms and conditions that limit the MRA Resource owner's ability to withdraw or raise the price of the MRA Agreement in future years until an exit strategy can be implemented.

(5) For any MRA Agreement entered into by ERCOT, ERCOT shall annually update the list of feasible alternatives developed in Section 3.14.1.4, Exit Strategy from an RMR Agreement, and provide an update of that information to the TAC and the ERCOT Board.

3.14.1.6 Transmission System Upgrades Associated with an RMR and/or MRA Exit

Strategy

This section applies only to RMR exit strategies corresponding to specific RMR or MRA Agreements that have not been terminated.

(a) ERCOT and the TSP(s) responsible for constructing any upgrades to the Transmission Facilities that are part of an RMR or MRA exit strategy shall coordinate construction clearances necessary to allow timely completion of all planned Transmission Facilities upgrades.

(b) The TSP(s) responsible for constructing upgrades to the Transmission Facilities that are part of an RMR or MRA exit strategy shall establish and send to ERCOT estimated Outage information, including completion dates and associated model information to ERCOT per Section 3.1.4, Communications Regarding Resource and Transmission Facilities Outages. For purposes of this Section, a Transmission Facility upgrade will be considered initiated upon the TSP authorizing any expenditures on the upgrade including, but not limited to, material procurement, right-of-way acquisition, and regulatory approvals.

(c) Upon initiation of the project, the TSP(s) responsible for constructing upgrades relating to the Transmission Facilities that are part of an RMR or MRA exit strategy shall provide to ERCOT monthly updates of the project's status, noting any acceleration or delay in planned completion date. ERCOT shall report this data through the MIS as described in Section 12.2, ERCOT Responsibilities. Within 60 days of the completion date shown in the Notice provided per Section 3.1.4, for the Transmission Facilities upgrades, the TSP shall coordinate more timely updates if the timeline changes significantly.

(d) Within ten Business Days after completion of the Transmission Facilities upgrades that are part of an RMR or MRA exit strategy, ERCOT shall publish a Market Notice of such completion and the effective date of termination of the associated RMR or MRA Agreement.

3.14.1.7 RMR or MRA Contract Termination

(1) This section applies only to RMR exit strategies corresponding to specific RMR or MRA Agreements that have not been terminated.

(2) Once a suitable RMR or MRA exit strategy has been developed as defined in Section 3.14.1.4, Exit Strategy from an RMR Agreement, and the strategy has been approved by the ERCOT Board and the affected TSP(s), the TSP(s) responsible for the Transmission Facilities upgrades, when requested by ERCOT, shall submit to ERCOT:

(a) A preliminary construction outage schedule necessary to complete the Transmission Facilities upgrades. Submissions, changes, approvals, rejections, and withdrawals regarding the preliminary construction outage schedule shall be

processed through the ERCOT Outage Scheduler on the ERCOT MIS. Such construction outage schedule shall be updated monthly; or

(b) A Certificate of Convenience and Necessity (CCN) application timeline for projects requiring such PUCT certification. Once a CCN has been granted by the PUCT, the TSP(s) shall be required to meet the requirements in item (a) above.

(3) ERCOT shall review and approve or reject each construction outage schedule as provided in accordance with procedures developed by ERCOT in compliance with Section 3.1, Outage Coordination.

(4) The TSP(s) responsible for the Transmission Facilities upgrades that are part of an RMR or MRA exit strategy shall provide to ERCOT a project status and an estimated project completion date within five Business Days of ERCOT's request.

(5) If ERCOT determines that a mutually agreeable preliminary construction outage schedule can be accommodated during the fall, winter, or spring, ERCOT and the TSP shall collaborate to determine if the 90 day termination notice for the RMR and/or MRA can be issued as soon after the summer load Season of the preceding year as possible and publish a Market Notice of these terminations. ERCOT and the TSP may give consideration to the risk of the decision to terminate the RMR and/or MRA Agreement and any options, such as RAPs and/or Mitigation Plans that could be used to mitigate transmission construction delays.

3.14.1.8 RMR and/or MRA Contract Extension

This section applies only to RMR exit strategies corresponding to specific RMR or MRA Agreements that have not been terminated.

(a) Forty-five days prior to the termination date of an existing RMR or MRA Agreement, pursuant to the 90-day termination notice as described in paragraph A(2) of Section 3, Term and Termination, of Section 22, Attachment B, Standard Form Reliability Must-Run Agreement, ERCOT shall assess the likelihood of completion of the Transmission Facilities upgrade project(s) or other exit strategies necessary to allow termination of an existing RMR or MRA Agreement based on the updates of project status provided by the TSP(s). If ERCOT determines that a delay in the termination date of the existing RMR or MRA Agreement is necessary to allow completion of the Transmission Facilities upgrade(s), it shall provide written Notice to the Resource Entity that owns the RMR Unit or MRA Resource of its intent to execute an extension to the existing RMR or MRA Agreement no later than 30 days prior to the planned termination date. Within 24 hours of ERCOT providing this Notice to the Resource Entity that owns the RMR Unit or MRA Resource, ERCOT shall issue a Market Notice on its intent to execute an extension to the existing RMR or MRA Agreement. The Market Notice must contain the name and seasonal MW ratings of the RMR Unit or MRA Resource and the expected duration of the contract extension, including the expected termination date.

(b) Forty-five days prior to the expiration date of an existing RMR or MRA Agreement for which the Resource Entity has applied for renewal, ERCOT shall assess the likelihood of completion of the Transmission Facilities upgrade project(s) necessary to eliminate the reliability need for a Resource with an existing RMR or MRA Agreement based on the updates of project status provided by the TSP(s). If ERCOT determines that an extension of the existing RMR or MRA Agreement of no more than 90 days would allow completion of the Transmission Facilities upgrade(s), it shall provide written Notice to the Resource Entity that owns the RMR Unit or MRA Resource of its intent to execute an extension to the existing RMR or MRA Agreement no later than 30 days prior to the planned expiration date. Within 24 hours of ERCOT providing this Notice to the Resource Entity that owns the RMR Unit or MRA Resource, ERCOT shall issue a Market Notice on its intent to execute an extension to the existing RMR or MRA Agreement. The Market Notice must contain the name and seasonal MW ratings of the RMR Unit or MRA Resource and the expected duration of the contract extension, including the expected termination date.

(c) ERCOT may extend the existing RMR or MRA Agreement as necessary to allow completion of the Transmission Facilities upgrade(s), but in no event shall the extension last more than 90 days from the termination or expiration date of the existing RMR or MRA Agreement.

(d) Forty-five days prior to the end of the period for which the existing RMR or MRA Agreement has been extended, ERCOT shall assess whether the transmission upgrades are likely to be completed. If ERCOT determines that the upgrades are not likely to be completed, ERCOT shall enter into negotiations with the Resource Entity that owns the RMR or MRA Resource to negotiate a new RMR or MRA Agreement to allow completion of the planned transmission upgrades. ERCOT shall issue a Market Notice on or before the date that extension negotiations begin with the Resource Entity that owns the RMR or MRA Resource. The Market Notice must contain the name and seasonal MW ratings of the RMR Unit or MRA Resource and the expected duration of the contract extension, including the expected termination date. Additionally, the Market Notice must contain a description of the exit strategy and the status of progress of exit strategy projects.

3.14.1.9 Generation Resource Return to Service Updates

(1) By April 1st and October 1st of each year and when material changes occur, every Resource Entity that owns or controls a Mothballed Generation Resource or an RMR Unit shall report to ERCOT, on a unit-specific basis, the estimated lead time required for each Resource to be capable of returning to service and, in percentage terms, report probable generation capacity from each Resource that the Resource Entity expects to return to service in each Season of each of the next ten years.

(2) For modeling purposes, ERCOT and TSPs shall rely on the most recent submittal of the following two Notifications with respect to an RMR Unit, Mothballed Generation Resource or Decommissioned Generation Resource: Section 22, Attachment E, Notification of Suspension of Operations, or Section 22, Attachment H, Notification of Change of Generation Resource Designation.

(3) A Mothballed Generation Resource that operates under a Seasonal Operation Period shall remain modeled in all ERCOT systems at all times, (i.e., will not be flagged as "mothballed" in ERCOT's models) and, when it is not available, the Resource Entity shall designate the Generation Resource as on Planned Outage in the Outage Scheduler.

(4) Except for Mothballed Generation Resources that operate under a Seasonal Operation Period, a Resource Entity with a Mothballed Generation Resource shall notify ERCOT in writing no less than 30 days prior to the date on which the Resource Entity intends to return a Mothballed Generation Resource to service by completing a Notification of Change of Generation Resource Designation. ERCOT shall post the Notification of Change of Generation Resource Designation on the MIS Secure Area as soon as practicable, but no later than five Business Days after receipt.

(5) If a Resource Entity wishes to change the operational designation of a Generation Resource upon conclusion of an RMR Agreement, it must submit a Notification of Change of Generation Resource Designation no later than 60 days prior to the conclusion of the RMR Agreement. ERCOT shall post on the MIS Secure Area information relating to a change of the operational designation of a Generation Resource pending conclusion of an RMR Agreement as soon as practicable but no later than five Business Days after receipt of such information.

(6) A Resource Entity with a Mothballed Generation Resource that operates under a Seasonal Operation Period shall notify ERCOT in writing no less than 15 days prior to the date on which the Resource Entity intends to begin its Seasonal Operation Period if the first date of operation is prior to June 1st. A Resource Entity with a Mothballed Generation Resource that operates under a Seasonal Operation Period shall notify ERCOT in writing by September 15th if the Resource Entity intends to suspend operation later than September 30th. Notifications under this section shall be provided by the Resource Entity by completing a Notification of Change of Generation Resource Designation form (Section 22, Attachment H), which ERCOT shall post on the MIS Secure Area as soon as practicable, but no later than five Business Days after receipt.

(7) Once the Resource Entity notifies ERCOT that a Mothballed Generation Resource is operating under a Seasonal Operation Period, the Resource Entity does not need to annually notify ERCOT of such status.

(8) A Resource Entity with a Mothballed Generation Resource operating under a Seasonal Operation Period shall notify ERCOT in writing no less than 15 days prior to the date on which the Resource Entity intends to return the Mothballed Generation Resource to year-round operation by completing a Notification of Change of Generation Resource

Designation form (Section 22, Attachment H), which ERCOT shall post on the MIS Secure Area as soon as practicable, but no later than five Business Days after receipt.

(9) A Resource Entity with a Mothballed Generation Resource that operates under a Seasonal Operation Period must notify ERCOT in writing, by submitting Section 22, Attachment E, no less than 90 days before the date on which the Mothballed Generation Resource that operates under a Seasonal Operation Period is to be suspended indefinitely.

(10) ERCOT may request that a Mothballed Generation Resource operating under a Seasonal Operation Period be available for operation earlier than June 1st or later than September 30th of any given calendar year. If ERCOT identifies a specific Resource Entity or QSE with which it will discuss such a request in an attempt to reach a mutually agreeable resolution, ERCOT shall issue a Notice as soon as practicable. The Notice shall include the Resource name and, as applicable, the Resource mnemonic, the Resource MW Rating by Season, and the potential duration of the extended operation period, including anticipated start and end dates. If agreement is reached for the Mothballed Generation Resource to be available for operation earlier than June 1st or later than September 30th, the Resource Entity shall complete, within two Business Days, a Notification of Change of Generation Resource Designation form (Section 22, Attachment H), which ERCOT shall post on the MIS Secure Area as soon as practicable, but no later than five Business Days after receipt.

(11) If ERCOT and the Resource Entity or QSE cannot reach a mutual agreement to make the Mothballed Generation Resource operating under a Seasonal Operation Period available earlier than June 1st or later than September 30th of any given calendar year, then ERCOT may exercise its ability to bring the Mothballed Generation Resource operating under a Seasonal Operating Period into the market under an RMR Agreement pursuant to paragraph (2) of Section 6.5.1.1, ERCOT Control Area Authority.

(12) ERCOT may evaluate, on an annual basis, Mothballed Generation Resources operating under a Seasonal Operation Period for RMR Service to address ERCOT System reliability during the portion of the year when the Mothballed Generation Resource would be unavailable.

(13) A Resource Entity that submitted a Notification of Suspension of Operations as a result of a Forced Outage must notify ERCOT of its intent to return to service as soon as practicable by updating its status in the Outage Scheduler and Current Operating Plan (COP) and is not required to submit a Notification of Change of Generation Resource Designation.

(14) If a Generation Resource is designated as decommissioned and retired under either Notification, ERCOT will permanently remove the Generation Resource from the ERCOT registration systems in accordance with Section 3.10.1, Time Line for Network Operations Model Changes. If a Resource Entity decides to bring a Decommissioned Generation Resource back to service at a later date, it will be considered a new Resource and must follow the Generation Resource Interconnection or Change Request process detailed in the Planning Guide. If the Generation Resource is designated as mothballed,

ERCOT and TSPs will consider the Generation Resource mothballed until the Resource Entity indicates a definitive return to service date pursuant to this Section.

3.14.1.10 Eligible Costs

"Eligible Costs" are costs that would be incurred by the RMR Unit owner to provide the RMR Service, excluding fuel costs, above the costs, excluding fuel costs, the RMR Unit would have incurred anyway had it been mothballed or shut down.

(a) Examples of Eligible Costs include the following to the extent they each meet the standard for eligibility:

(i) Labor to operate the RMR Unit during the term of the RMR Agreement;

(ii) Materials and supplies consumed or used in operation of the RMR Unit during the term of the RMR Agreement;

(iii) Services necessary to operate the RMR Unit during the term of the RMR Agreement;

(iv) Costs associated with emissions credits used as a direct result of operation of the RMR Unit under direction from ERCOT, or emissions reduction equipment as may be required according to terms of the RMR Agreement;

(v) Costs associated with maintenance:

(A) Due to required equipment maintenance;

(B) Due to replacement to alleviate unsafe operating conditions;

(C) Due to regulatory requirements, with compliance dates during the term of the RMR Agreement (any such compliance dates and requirements shall be explicitly defined in the RMR Agreement); or

(D) To ensure the ability to operate the RMR Unit consistent with Good Utility Practice;

(vi) Reservation and transportation costs associated with firm fuel supplies not recovered under Section 6.6.6.2, RMR Payment for Energy; and

(vii) Property taxes and other taxes attributable to continuing to operate the RMR Unit during the term of the RMR Agreement.

(b) Examples of costs not included as Eligible Costs are:

(i) Depreciation expense, return on equity, and debt and interest costs;

(ii) Property taxes and other taxes not attributable to continuing to operate the RMR Unit;

(iii) Income taxes of the RMR Unit owner or operator;

(iv) Labor costs associated with other, non-RMR Generation Resources at the same facility; and

(v) Any other costs the Resource Entity that owns the RMR Unit would have incurred even if the RMR Unit had been mothballed or shutdown.

3.14.1.11 Budgeting Eligible Costs

(1) The owner of the RMR Unit shall provide good faith detailed estimates of its Eligible Costs to ERCOT as part of the RMR Agreement negotiation process. ERCOT shall review and approve the budget and use these figures as the basis for Initial Settlement for RMR Service. Actual Eligible Costs incurred by the RMR Unit will be used for subsequent Final, Resettlement, or True-Up Settlements as agreed upon in Section 6.6.6, Reliability Must-Run Settlement.

(2) The Eligible Cost budgeting process is as follows:

(a) The RMR Unit owner shall supply ERCOT a preliminary Eligible Cost budget for the 12-month period starting with the anticipated effective date of the RMR Agreement. The budget will include Eligible Costs categorized in terms of:

(i) Base Cost of Operations, which includes Eligible Costs that are independent of the levels of operation, Outages and non-Outage maintenance;

(ii) Outage Maintenance Cost, which includes Eligible Costs attributable to Planned or Maintenance Outages and/or inspections occurring during the term of the RMR Agreement. Maintenance alternatives available during any Planned or Maintenance Outage must be presented to ERCOT for determination of the alternative to be performed and paid for under the RMR Agreement. The RMR Unit owner must present ERCOT with a budget for each option, benefits of each alternative, unit availability impact associated with not performing each alternative, and a recommendation to facilitate ERCOT's selection process;

(iii) Non-Outage Maintenance Cost, which includes non-recurring Eligible Costs that are independent of a particular scheduled Outage. Non-Outage maintenance alternatives available during any scheduled Outage must be presented to ERCOT for determination of the alternative to be performed and paid for under the RMR Agreement. The RMR Unit owner must present ERCOT with a budget for each option, benefits of each alternative,

unit availability impact associated with not performing each alternative, and a recommendation to facilitate ERCOT's selection process;

(iv) Other budget items means Eligible Costs not clearly identifiable in the previous three categories including:

(A) Environmental emission credit consumption (or purchase as explicitly defined under the RMR Agreement, to operate the unit) includes the opportunity cost for using emission credits through the combustion of fuel feedstock by the RMR Unit. Costs must be based on verifiable market data as supplied by the RMR Unit owner; and

(B) "Compliance Costs," which includes foreseeable costs to comply with regulations, Federal or state that have a compliance deadline that occurs during the term of the RMR Agreement.

(b) Thirty days after receipt of the preliminary Eligible Costs budget, ERCOT shall notify the RMR Unit owner of its selections under the alternatives provided in the preliminary budget. The RMR Unit owner and ERCOT shall set the Target Availability consistent with the options presented to and selected by during the budgeting process. The "Target Availability" shall be determined by taking into account a negotiated amount of predicted Forced Outages and Planned Outages identified during the budgeting process.

3.14.1.12 Reporting Actual Eligible Cost

The RMR Unit owner shall provide ERCOT with actual Eligible Costs on a monthly basis in a level of detail sufficient for ERCOT to verify that all Eligible Costs are actual and appropriate. Actual cost data must be submitted on time by the Resource Entity for the RMR Unit and then verified by ERCOT so the actual cost data can be reflected in the True-Up Settlement Statement. To be considered timely for the final, actual cost data for month 'x' must be submitted by the 20th of the month following month 'x'. To be considered timely for the true-up, actual cost data for month 'x' must be submitted 30 days prior to the publishing date of the True-Up Settlement Statement for the first day in month 'x'. Any deviation in filing actual cost data in accordance with this calendar must be requested of ERCOT, by the Qualified Scheduling Entity (QSE) representing an RMR unit. Such request for deviation shall contain the reason for the inability to meet the calendar and an expected date that the cost data will be provided to ERCOT. At its discretion ERCOT may choose to honor such a request. ERCOT shall post on the MIS Public Area any such request and response thereto. In the event, that actual cost data is not submitted in accordance with the calendar or approved deviation for the true-up, then the cost for the portion of eligible cost that has not been submitted is deemed to be zero.

3.14.1.13 Incentive Factor

(1) Subject to the reductions described in items (2) and (3), the Incentive Factor for RMR Agreements is equal to 10% of the actual Eligible Costs excluding fuel costs incurred by the RMR Unit. The Incentive Factor for RMR Agreements is not applied to capital expenditures as described in Section 3.14.1, Reliability Must Run. The Incentive Factor shall never be less than zero.

(2) The Incentive Factor payment shall be reduced if the RMR Unit fails to perform to the contracted capacity during a Capacity Test as described in the RMR Agreement. The reduction will be linear, with a 2% reduction in the Incentive Factor payment for every 1% of reduced Capacity.

(3) The Incentive Factor payment shall be reduced if the "Hourly Rolling Equivalent Availability Factor" of the RMR Unit is less than the Target Availability (i.e. the "Actual Availability", as defined below, is less than the Target Availability). The reduction will be linear; with a 2% reduction in the Incentive Factor payment for every 1% of the Hourly Rolling Equivalent Availability Factor is less than the Target Availability stated in the RMR Agreement. The RMR Unit's Actual Availability shall be calculated on an hourly rolling six-month average basis by dividing the number of hours that the RMR Unit was available according to its final COP for each hour of the previous 4380 hours by 4380. If less than 4380 hours have elapsed since the start of the RMR Agreement ("Elapsed Time"), then, for each hour that Elapsed Time is less than 4380, that hour shall be considered as if the RMR Unit was available.

3.14.1.14 Major Equipment Modifications

During the term of an RMR Agreement, in the event that major equipment modifications are required in order for the RMR Unit to provide RMR Service (such as installation of environmental control equipment), ERCOT and the RMR Unit owner shall negotiate in good faith concerning changes to the terms of the RMR Agreement.

3.14.1.15 Budgeting Fuel Costs

(1) The RMR Unit owner shall supply ERCOT a preliminary fuel cost budget for the 12-month period starting with the anticipated effective date of the RMR Agreement. The budget must include information pertaining to the cost of the fuel feedstock, including where appropriate transportation costs and terms, as well as fuel storage costs and terms, and any other fuel contract provisions (e.g. "take or pay" provisions) that may impact the cost of all fuels anticipated to be used by the RMR Unit over the life of the RMR Agreement and must include fuel costs categorized in terms of:

(a) primary fuel; and

(b) secondary fuel.

(2) The RMR Unit owner shall provide good faith estimates of the RMR Unit input/output curve to ERCOT in its application for an RMR Agreement. Based on production figures provided to the RMR Unit owner by ERCOT, the RMR Unit owner shall also provide ERCOT fuel supply options available for the RMR Unit. For each option, RMR Unit owner shall detail the associated impacts on the fuel and non-fuel budgets and on the availability of the unit. No less than 30 days after the receipt of the fuel supply options, ERCOT shall notify the RMR Unit owner of its fuel supply option selection.

3.14.1.16 Reporting Actual Eligible Fuel Costs

(1) The RMR Unit owner shall provide ERCOT with actual fuel costs on a monthly basis for the RMR Unit in a level of detail sufficient for ERCOT to verify that all fuel costs are actual and appropriate. The estimated fuel payments may include a fuel adder to better approximate expected actual fuel costs. The fuel adder shall represent the difference between the forecasted average actual future fuel price paid and the forecasted average of the relevant index price (Fuel Index Price (FIP), Fuel Oil Price (FOP) or solid fuel) over the RMR contract period. The fuel adder must also include the forecasted cost of transporting, delivering and fuel imbalances to the Resource. QSEs must provide to ERCOT supporting documentation indicating how the fuel adder was determined. ERCOT shall perform a true-up of the estimated fuel costs using the submitted and verified actual fuel costs for the RMR Unit. Actual cost data must be submitted on time by the Resource Entity for the RMR Unit and then verified by ERCOT so the actual cost data can be reflected in the True-Up Settlement Statement. To be considered timely for the final, actual cost data for month ‘x’ must be submitted by the 20th of the month following month ‘x.’ To be considered timely for the true-up, actual cost data for month ‘x’ must be submitted 30 days prior to the publishing date of the True-Up Settlement Statement for the first day in month ‘x.’ Any deviation in filing actual cost data in accordance with this calendar must be requested of ERCOT, by the QSE representing an RMR Unit. Such request for deviation shall contain the reason for the inability to meet the calendar and an expected date that the cost data will be provided to ERCOT. At its discretion ERCOT may choose to honor such a request. ERCOT shall post on the MIS Public Area any such request and response thereto. In the event that actual cost data is not submitted in accordance with the calendar or approved deviation for the true-up, then the cost for the portion of Eligible Cost that has not been submitted is deemed to be zero.

(2) Actual fuel costs must be appropriate actual costs attributable to ERCOT’s scheduling and/or deployment of the RMR Unit. Actual fuel costs may include cost of fuel (including the cost of exceeding swing gas contract limits, additional gas demand costs set by fuel supply, or transportation contracts); demand fees, imbalance penalties, transportation charges, and cash out premiums.

3.14.2 Black Start

(1) Each Generation Resource providing BSS must meet the requirements specified in North American Electric Reliability Corporation (NERC) Reliability Standards and the Operating Guides.

(2) Each Generation Resource providing BSS must meet technical requirements specified in Section 8.1.1, QSE Ancillary Service Performance Standards, and Section 8.1.1.1, Ancillary Service Qualification and Testing.

(3) Bids for BSS are due on or before June 1st of each two year period. Bids must be evaluated based on evaluation criteria attached as an appendix to the request for bids and contracted by December 31st for the following two year period. ERCOT shall ensure BSSs are arranged, provided, and deployed as necessary to reenergize the ERCOT System following a Blackout or Partial Blackout.

(4) ERCOT shall schedule random testing or simulation, or both, to verify BSS is operable according to the ERCOT System restoration plan. Testing and verification must be done under established qualification criteria.

(5) QSEs representing Generation Resources contracting for BSSs shall participate in training and restoration drills coordinated by ERCOT.

(6) ERCOT shall periodically conduct system restoration seminars for all TSPs, Distribution Service Providers (DSPs), QSEs, Resource Entities and other Market Participants.

(7) ERCOT shall periodically determine and review the location and number of Black Start Resources required, as well as any special transmission or voice communication needs required. ERCOT and providers of this service shall meet the requirements as specified in the Operating Guides and in NERC Reliability Standards.

(8) A Resource Entity representing a Black Start Resource may request that an alternate Generation Resource which is connected to the same black start primary and secondary cranking path as the original Black Start Resource be substituted in place of the original Black Start Resource during the two year term of an executed Standard Form Black Start Agreement (Section 22, Attachment D, Standard Form Black Start Agreement) if the alternate Generation Resource meets testing and verification under established qualification criteria to ensure BSS.

(a) ERCOT, in its sole discretion, may reject a Resource Entity's request for an alternate Generation Resource and will provide the Resource Entity an explanation of such rejection.

(b) If ERCOT accepts the alternative Generation Resource as the substituted Black Start Resource, such acceptance shall not affect the original terms, conditions and obligations of the Resource Entity under the Standard Form Black Start Agreement. The Resource Entity shall submit to ERCOT an Amendment to

Standard Form Black Start Agreement (Section 22, Attachment I, Amendment to Standard Form Black Start Agreement) after qualification criteria has been met.

(9) For the purpose of the Black Start Hourly Standby Fee as described in Section 6.6.8.1, Black Start Hourly Standby Fee, the Black Start Service Availability Reduction Factor shall be determined by using the availability for the original Black Start Resource and any substituted Black Start Resource(s), as appropriate for the rolling 4380 hour period of the evaluation.

3.14.3 Emergency Response Service

ERCOT shall issue Requests for Proposals to procure ERS for the purpose of promoting reliability during energy emergencies.

3.14.3.1 Emergency Response Service Procurement

(1) ERCOT shall issue Requests for Proposals to procure ERS for each Standard Contract Term. The ERS Standard Contract Terms are as follows:

(a) February through May;

(b) June through September; and

(c) October through January.

(2) ERS offers shall be submitted only by QSEs capable of receiving both Extensible Markup Language (XML) messaging and Verbal Dispatch Instructions (VDIs) on behalf of represented ERS Resources.

(3) An ERS Generator consisting of an aggregation of generators must be composed entirely of a single generator type: either self-serving or non-self-serving.

(4) Each generator in an ERS Generator must have an interconnection agreement with its Transmission and/or Distribution Service Provider (TDSP) prior to submitting an ERS offer.

(5) QSEs representing ERS Resources may submit offers for one or more ERS Time Periods within an ERS Contract Period. ERS Time Periods shall be defined by ERCOT in the Request for Proposal for that ERS Standard Contract Term. An ERS offer is specific to an ERS Time Period. In submitting an offer, both the QSE and the ERS Resource are committing to provide ERS for that ERS Time Period if selected.

(6) The minimum amount of ERS that may be offered is one-tenth (0.1) MW. ERS Resources may be aggregated to reach this requirement.

(7) ERCOT may establish an upper limit, in MWs, on the amount of ERS capacity it will procure for any ERS Time Period in any ERS Standard Contract Term.

(8) A QSE's offer to provide ERS shall include:

(a) The name of the QSE representing the ERS Resource and the name of an individual authorized by the QSE to represent the QSE and its ERS Resource(s);

(b) The name of an Entity that controls the ERS Resource, and an affirmation that the QSE has obtained written authorization from the Entity to submit ERS offers on its behalf and to represent the Entity in all matters before ERCOT concerning the Entity's provision of ERS;

(c) Any information or data specified by ERCOT, including access to historical meter data, and affirmation by the QSE that it has obtained written authorization from the controlling Entity of the ERS Resource for the QSE to obtain such data;

(d) Affirmation that the controlling Entity of the ERS Resource has reviewed P.U.C. SUBST. R. 25.507, Electric Reliability Council of Texas (ERCOT) Emergency Response Service (ERS), these Protocols and Other Binding Documents relating to the provision of ERS, and has agreed to comply with and be bound by such provisions;

(e) An agreement by the QSE to produce any written authorization or agreement between the QSE and any ERS Resource it represents, as described in this Section, upon request from ERCOT or the PUCT;

(f) Affirmation that the capacity being offered into ERS is not capacity that is separately obligated to respond during any of the same hours, and receiving a separate reservation payment for such obligation, occurring in the contracted ERS Time Period. ERCOT shall treat an ERS Resource containing sites found to be dually committed as failing to meet its ERS obligations and may prohibit participation by the ERS Resource and/or the dually committed sites in the next ERS Standard Contract Term following the discovery;

(g) An affirmation that the QSE and the controlling Entity the ERS Resource are familiar with any applicable federal, state or local environmental regulations that apply to the use of any generator in the provision of ERS, and that the use of such generator(s) to provide of ERS would not violate those regulations. This provision applies to both ERS Generators and to the use of backup generation by ERS Loads; and

(h) For an ERS Generator, a designation of the ERS Generator as either a self-serving generator or a non-self-serving generator, based on the performance criteria in Sections 8.1.3.1.3.2, Time Period Availability Calculations for Emergency Response Service Generators, and 8.1.3.1.4, Event Performance Criteria for Emergency Response Service Resources.

(9) An ERS Standard Contract Term may consist of a single ERS Contract Period or multiple non-overlapping ERS Contract Periods, as follows:

(a) If no ERS Resources' obligations are exhausted during an ERS Contract Period pursuant to paragraph (1) of Section 3.14.3.3, Emergency Response Service Provision and Technical Requirements, the ERS Contract Period shall end at the end of the last Operating Day of the ERS Standard Contract Term.

(b) If some but not all ERS Resources' obligations are exhausted pursuant to paragraph (1) of Section 3.14.3.3 during an ERS Contract Period, that ERS Contract Period shall end at the end of the Operating Day in which the exhaustion occurred, and a new ERS Contract Period shall begin at hour ending 0100 on the following Operating Day.

(c) If all ERS Resources' obligations are exhausted pursuant to paragraph (1) of Section 3.14.3.3 during an ERS Contract Period that ERS Contract Period shall end at the end of the Operating Day in which the exhaustion occurred. In this case, ERCOT may initiate a new ERS Contract Period beginning no earlier than hour ending 0100 on the following Operating Day.

(10) ERS Resources shall be obligated in ERS Contract Periods as follows:

(a) For the first ERS Contract Period in an ERS Standard Contract Term, all ERS Resources awarded by ERCOT shall be obligated.

(b) For any subsequent ERS Contract Periods in an ERS Standard Contract Term, any ERS Resource with remaining obligation due to cumulative deployment time of less than eight hours at the end of the last ERS Contract Period shall have their remaining obligation transferred to the new ERS Contract Period. In such a case the ERS Resource's deployment time will be carried over from the previous ERS Contract Period and will be applied toward the maximum deployment time in the new ERS Contract Period, as described in paragraph (1) of Section 3.14.3.3.

(c) For any subsequent ERS Contract Periods in an ERS Standard Contract Term, in addition to any ERS Resources that may be obligated pursuant to item (9)(b) above, any ERS Resources whose obligations were exhausted in the previous ERS Contract Period may be re-obligated at ERCOT's discretion according to the following procedures:

(i) During the offer submission process, QSEs shall designate on the ERS offer form, which is posted on the ERCOT website, whether an ERS Resource is available for mandatory participation in a subsequent ERS Contract Period ("renewal opt-in").

(ii) Prior to the start of a subsequent ERS Contract Period, ERCOT shall notify QSEs representing ERS Resources of its decision to include renewal opt-ins in the subsequent ERS Contract Period. Such Notification

shall include a list of the QSEs' renewal opt-in Resources' capacity obligations by ERS Time Period.

(iii) For purposes of managing ERS expenditures within the maximum ERS expenditure established by the PUCT (ERS Cost Cap), ERCOT may limit the obligation of renewal opt-in ERS Resources in a subsequent ERS Contract Period to a subset of the four ERS Time Periods.

(iv) If ERCOT elects to include renewal opt-in ERS Resources in a subsequent ERS Contract Period, the renewal opt-ins shall be procured automatically under the same offer parameters including capacity, price, maximum base Load (if applicable), performance evaluation methodology, and ERS Time Periods as originally awarded.

(v) By the end of the second Business Day in any ERS Contract Period other than the first day within an ERS Standard Contract Term, a QSE may revoke the renewal opt-in status of any of its committed ERS Resources for any subsequent ERS Contract Periods within that ERS Standard Contract Term. ERCOT shall develop a method for QSEs to communicate such information.

(vi) By the end of the third Business Day in any ERS Contract Period other than the first within an ERS Standard Contract Term, ERCOT shall communicate to QSEs a confirmation of the terms of participation for all of their committed ERS Resources. Notwithstanding this provision, participation by obligated ERS Resources is binding from the start time of each ERS Contract Period.

(11) In any 12-month period beginning on February 1st and ending on January 31st, ERCOT shall not commit dollars toward ERS in excess of the ERS Cost Cap. ERCOT may determine cost limits for each ERS Contract Period in order to ensure that the ERS Cost Cap is not exceeded. In order to minimize the cost of ERS, ERCOT may reject any offer it determines to be unreasonable or outside the parameters of an acceptable offer. ERCOT shall establish a written process for determining the cost limits for each ERS Contract Period and for the reasonableness of offers.

(12) ERCOT shall reduce the ERS Cost Cap by the value of the amount of ERS Self-Provision. ERCOT shall value ERS Self-Provision at the weighted average cost per MW of each QSE's ERS Self-Provision obligation multiplied by the total MW of ERS Self-Provision during each relevant ERS Time Period and ERS Contract Period.

(13) ERCOT shall evaluate each offer to determine whether it comports with the actual capacity an ERS Resource is capable of providing and may limit any award to that ERS Resource based on the results of the evaluation.

(14) For the first ERS Contract Period in an ERS Standard Contract Term, ERCOT shall select ERS Resources for each ERS Time Period based upon least cost offer per MW of capacity offered, provided that ERCOT may consider geographic location and its effect

on congestion in making ERS awards. ERCOT may prorate awards when there are more MWs available at a given price than ERCOT decides to procure, if the proration is acceptable to each offering QSE. An ERS offer may declare a minimum amount of MW that the ERS Resource is willing to provide. If proration would result in an award below an ERS Resource's designated minimum, the offer will not be awarded.

(15) Payments and Self-Provision credits to QSEs representing ERS Resources are subject to adjustments as described in Section 8.1.3.3.1, Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resources. Deployment of ERS Resources will not result in additional payments other than any payment for which the QSE may be eligible through Real-Time energy imbalance or other ERCOT settlement process.

(16) QSEs representing ERS Resources selected to provide ERS shall execute a Standard Form Emergency Response Service Agreement, as provided in Section 22, Attachment G, Standard Form Emergency Response Service Agreement.

3.14.3.2 Emergency Response Service Self-Provision

(1) QSEs may self-provide ERS. QSEs shall offer all self-provided ERS capacity at a price of $0. A QSE electing to self-provide all or part of its ERS obligation shall provide ERCOT with the following, while adhering to a schedule published by ERCOT:

(a) The maximum MW of capacity the QSE is willing to offer through ERS Self-Provision for each ERS Time Period; and

(b) A proxy Load Ratio Share (LRS) specific to the ERS Time Period. Proxy LRS shall be a number between zero and one and determined by the self-providing QSE to represent its estimate of its final LRS to be used in ERS Settlement.

(2) ERS Self-Provision Capacity Upper Limit is defined as the maximum level of self-provided ERS MW capacity for which a QSE may receive credit at Settlement. During the procurement process, a QSE may elect to use a proxy ERS Self-Provision Capacity Upper Limit (based on the proxy LRS it submitted) to reduce its ERS Self-Provision MW. After receiving ERS Self-Provision information, ERCOT will award offers for additional MWs of ERS capacity such that the sum of the following does not exceed the total amount of ERS capacity intends to procure in any one ERS Time Period:

(a) ERS capacity awarded through ERS competitive offers; and

(b) ERS capacity awarded through ERS Self-Provision offers, where for each self-providing QSE the self-provided capacity offer is the lesser of the amount offered or the QSE's proxy ERS Self-Provision Capacity Upper Limit.

(3) The calculations used to determine a QSE's proxy ERS Self-Provision Capacity Upper Limit for the ERS procurement phase are the same as those used to determine the actual

ERS Self-Provision Capacity Upper Limit for Settlement, as described in Section 6.6.11.1, Emergency Response Service Capacity Payments, except that:

(a) Offered ERS capacity is substituted for delivered ERS capacity; and

(b) A QSE's proxy LRS is substituted for its actual LRS.

(4) ERCOT shall compute and provide QSEs offering ERS Self-Provision their proxy ERS Self-Provision Capacity Upper Limit. A QSE may then reduce any or all of its self-provision offers such that its revised total ERS Self-Provision capacity is greater than or equal to its proxy ERS Self-Provision Capacity Upper Limit provided by ERCOT.

(5) A QSE with reduced ERS Self-Provision capacity shall notify ERCOT of the ERS Resources whose obligations are reduced and the quantity of the revised obligations. The QSE must provide this information to ERCOT within two Business Days of receiving Notice of the reduced obligation.

(6) If a QSE reduces its ERS commitment according to these procedures, it will not be obligated to pay ERS charges so long as the ERS Self-Provision capacity it delivers is equal to or greater than its final LRS of the total ERS capacity delivered through offers and ERS Self-Provision, as described in paragraph (2) of Section 6.6.11.2, Emergency Response Service Capacity Charge.

(7) A QSE opting for ERS Self-Provision may also offer separate capacity into ERS in the form of a priced offer in the same manner as any other QSE.

(8) The capacity obligation of a self-provided ERS Resource that is designated as a renewal opt-in, as described in paragraph (10) of Section 3.14.3.1, Emergency Response Service Procurement, will be fixed at the original awarded MW level for any subsequent ERS Contract Periods in the ERS Standard Contract Term.

3.14.3.3 Emergency Response Service Provision and Technical Requirements

(1) An ERS Resource shall be subject to a maximum of eight hours of deployment per ERS Contract Period, unless the ERS Resource is carrying over hours of deployment time from the previous ERS Contract Period within the Standard Contract Term as described in paragraph (10)(b) of Section 3.14.3.1, Emergency Response Service Procurement. In the latter case, the ERS Resource's maximum hours of deployment in the new ERS Contract Period will be eight hours minus the deployment time carried over from the prior ERS Contract Period. Notwithstanding this provision, if an ERS deployment is still in effect when the ERS Resource's maximum deployment time is equaled or exceeded, the ERS Resource must continue to meet its event performance requirements until ERCOT releases the ERS Resource even if the deployment exceeds the limit.

(2) Unless ERCOT has received a notice of unavailability in a format prescribed by ERCOT, ERCOT shall assume that a contracted ERS Resource is fully available to provide ERS.

(3) QSEs and ERS Resources they represent shall meet the following technical requirements:

(a) Each ERS Resource, including each member of an aggregated ERS Resource, must have an Electric Service Identifier (ESI ID) or Resource ID (RID) and dedicated metering, as defined by ERCOT. An ERS Resource located outside of a competitive service area may use a unique service identifier in lieu of an ESI ID or RID. ERCOT shall analyze 15-minute interval meter data, adjusted for the deemed actual Distribution Loss Factors (DLFs), for each ERS Resource for purposes of offer analysis, availability and performance measurement. ERS Resources behind a Non-Opt-In Entity (NOIE) meter point shall arrange, preferably with the NOIE TDSP, to provide ERCOT with 15-minute interval meter data subject to ERCOT's specifications and approval. ERS Resources behind a Private Use Network's Settlement Meter point shall provide ERCOT 15-minute interval meter data subject to ERCOT's specifications and approval. All generators in an ERS Resource must have TDSP metering capable of measuring energy exported to the ERCOT System and TDSP metering capable of measuring energy imported from the ERCOT System. The ERS Resource associated with unique meters in competitive choice areas will be adjusted by the same DLFs as the ESI ID associated with that ERS Resource. The ERS Resource associated with unique meters in NOIE areas will be adjusted based on a NOIE Distribution Service Provider (DSP) DLF study submitted to ERCOT pursuant to paragraph (6) of Section 13.3, Distribution Losses.

(b) An ERS Resource must be capable of meeting its event performance obligations relevant to its assigned performance evaluation methodology within ten minutes of an ERCOT Dispatch Instruction to its QSE, must be able to maintain such performance for the entire Sustained Response Period. An ERS Resource shall not return to normal operations until released to do so by ERCOT.

(c) A QSE must be capable of communicating with its ERS Resources in sufficient time to ensure deployment within ten minutes.

(d) QSEs shall communicate to ERCOT, in a method prescribed by ERCOT, material changes in the availability status of their ERS Resources.

(e) An ERS Resource deployed for ERS must be able to return to a condition such that it is capable of meeting its ERS performance requirements within ten hours following a release Dispatch Instruction.

(f) ERS Resources and their QSEs are subject to qualification based on ERCOT's evaluation of their historical meter data and, if applicable, their historic performance in providing other comparable ERCOT services. ERS Resources and their QSEs are subject to testing requirements as described in Section 8.1.3.2, Testing of Emergency Response Service Resources.

(g) ERS Resources are not subject to the modeling, telemetry and COP requirements of other Resources.

(4) The contracted capacity of ERS Resources may not be used to provide Ancillary Services during a contracted ERS Time Period. Nothing herein shall be construed to limit passive (voluntary) Load response, provided the ERS Resource meets its performance and availability requirements, as described in Section 8.1.3.1, Performance Criteria for Emergency Response Service Resources.

(5) QSEs representing ERS Resources must meet the requirements specified in Section 8.1.3.3.1, Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resource.

3.14.3.4 Emergency Response Service Reporting and Market Communications

(1) ERCOT shall review the effectiveness and benefits of ERS every 12 months from the start of the program and report its findings to TAC no later than April 15 of each calendar year.

(2) Prior to the start of the first ERS Contract Period in an ERS Standard Contract Term, and no later than the end of the third Business Day following the start of any subsequent ERS Contract Period in an ERS Standard Contract Term, ERCOT shall post on the MIS Public Area the number of MW procured per ERS Time Period, the number and type of ERS Resources selected, and the projected total cost of ERS for that ERS Contract Period.

(3) ERCOT shall post the following documents to the MIS Certified Area:

(a) ERS Award Notification;

(b) ERS Resources Submission Form – Approved;

(c) ERS Resource Event Performance Evaluation Results;

(d) ERS Resource Availability Summary for Contract Period;

(e) ERS Test Portfolio Designation Notification;

(f) ERS Resource Test Results;

(g) ERS Pre-populated ERS Resource Identification Forms;

(h) ERS Resource Group Assignments;

(i) ERS Resource Submission Form – Error Reports;

(j) ERS Preliminary Baseline Review Results;

(k) ERS QSE Portfolio Availability Summary for a Contract Period;

(l) ERS QSE Portfolio Event Performance Summary for a Contract Period; and

(m) ERS Meter Data Error Report.

(4) At least 24 hours before an ERS Contract Period begins, ERCOT shall provide each affected TDSP with:

(a) A list of ERS Resources and members of aggregated ERS Resources located in the TDSP's service area that will be participating in ERS during the upcoming ERS Contract Period;

(b) The name of the QSE representing each ERS Resource;

(c) All applicable ESI IDs associated with each ERS Resource; and

(d) The date(s) of the interconnection agreement(s) for each generator in any ERS Generator.

(5) TDSPs shall maintain the confidentiality of the information provided pursuant to paragraph (4) above.

3.15 Voltage Support

(1) ERCOT in coordination with the Transmission Service Providers (TSPs) shall establish and update, as necessary, the ERCOT System Voltage Profile for all Electrical Buses used for Voltage Support in the ERCOT System and shall post all Voltage Profiles on the Market Information System (MIS) Secure Area. ERCOT may temporarily modify its requirements based on current system conditions.

(2) All Generation Resources (including self-serve generating units) that have a gross generating unit rating greater than 20 MVA or those units connected at the same Point of Interconnection (POI) that have gross generating unit ratings aggregating to greater than 20 MVA, that supply power to the ERCOT Transmission Grid, shall provide Voltage Support Service (VSS).

(3) Generation Resources required to provide VSS shall comply with the following Reactive Power Requirements:

(a) An over-excited (lagging or producing) power factor capability of 0.95 or less determined at the generating unit's maximum net power to be supplied to the ERCOT Transmission Grid and at the transmission system Voltage Profile established by ERCOT, both measured at the POI;

(b) An under-excited (leading or absorbing) power factor capability of 0.95 or less, determined at the generating unit's maximum net power to be supplied to the ERCOT Transmission Grid and at the transmission system Voltage Profile established by ERCOT, both measured at the POI;

(c) Reactive Power capability shall be available at all MW output levels and may be met through a combination of the Generation Resource's Unit Reactive Limit (URL), which is the generating unit's dynamic leading and lagging operating capability, and/or dynamic VAr capable devices. This Reactive Power profile is depicted graphically as a rectangle. For Intermittent Renewable Resources (IRRs), the Reactive Power requirements shall be available at all MW output levels at or above 10% of the IRR's nameplate capacity. When an IRR is operating below 10% of its nameplate capacity and is unable to support voltage at the POI, ERCOT may require an IRR to disconnect from the ERCOT System for purposes of maintaining reliability; and

(d) As part of the technical Resource requirements to begin commercial operations, all Generation Resources must conduct an engineering study, or demonstrate through performance testing, compliance with the Reactive Power capability requirements of this Section 3.15. Any study or testing results must be accepted by ERCOT prior to commercial operations.

(4) Wind-powered Generation Resources (WGRs) that commenced operation on or after February 17, 2004, and have a signed Standard Generation Interconnection Agreement (SGIA) on or before December 1, 2009 ("Existing Non-Exempt WGRs"), must be capable of producing a defined quantity of Reactive Power to maintain a Voltage Profile established by ERCOT in accordance with the Reactive Power requirements established in paragraph (3) above, except in the circumstances described in paragraph (a) below.

(a) Existing Non-Exempt WGRs whose current design does not allow them to meet the Reactive Power requirements established in paragraph (3) above must conduct an engineering study using the Summer/Fall 2010 on-peak/off-peak Voltage Profiles, or conduct performance testing to determine their actual Reactive Power capability. Any study or testing results must be accepted by ERCOT. The Reactive Power requirements applicable to these Existing Non-Exempt WGRs will be the greater of: the leading and lagging Reactive Power capabilities established by the Existing Non-Exempt WGR's engineering study or testing results; or Reactive Power proportional to the real power output of the Existing Non-Exempt WGR (this Reactive Power profile is depicted graphically as a triangle) sufficient to provide an over-excited (lagging) power factor capability of 0.95 or less and an under-excited (leading) power factor capability of 0.95 or less, both determined at the transmission system Voltage Profile established by ERCOT, and both measured at the POI.

(i) Existing Non-Exempt WGRs shall submit the engineering study results or testing results to ERCOT no later than five Business Days after its completion.

(ii) Existing Non-Exempt WGRs shall update any and all Resource registration information regarding their Reactive Power capability documented by the engineering study results or testing results.

(iii) If the Existing Non-Exempt WGR's engineering study results or testing results indicate that the WGR is not able to provide Reactive Power capability that meets the triangle profile described in paragraph (4)(a) above, then the Existing Non-Exempt WGR will take steps necessary to meet that Reactive Power requirement depicted graphically as a triangle by a date mutually agreed upon by the Existing Non-Exempt WGR and ERCOT. The Existing Non-Exempt WGR may meet the Reactive Power requirement through a combination of the WGR's URL and/or automatically switchable static VAr capable devices and/or dynamic VAr capable devices. No later than five Business Days after completion of the steps to meet that Reactive Power requirement, the Existing Non-Exempt WGR will update any and all Resource registration information regarding its Reactive Power and provide written notice to ERCOT that it has completed the steps necessary to meet its Reactive Power requirement.

(iv) For purposes of measuring future compliance with Reactive Power requirements for Existing Non-Exempt WGRs, results from performance testing or the Summer/Fall 2010 on-peak/off-peak Voltage Profiles utilized in the Existing Non-Exempt WGR's engineering study shall be the basis for measuring compliance, even if the Voltage Profiles provided to the Existing Non-Exempt WGR are revised for other purposes.

(b) Existing Non-Exempt WGRs whose current design allows them to meet the Reactive Power requirements established in paragraph (3) above (depicted graphically as a rectangle) shall continue to comply with that requirement. ERCOT, with cause, may request that these Existing Non-Exempt WGRs provide further evidence, including an engineering study, or performance testing, to confirm accuracy of Resource registration information supporting their Reactive Power capability.

(5) Qualified Renewable Generation Resources (as described in Section 14, State of Texas Renewable Energy Credit Trading Program) in operation before February 17, 2004, required to provide VSS and all other Generation Resources required to provide VSS that were in operation prior to September 1, 1999, whose current design does not allow them to meet the Reactive Power requirements established in paragraph (3) above, will be required to maintain a Reactive Power requirement as defined by the Generation Resource's URL that was submitted to ERCOT and established per the criteria in the ERCOT Operating Guides.

(6) New generating units connected before May 17, 2005, whose owners demonstrate to ERCOT's satisfaction that design and/or equipment procurement decisions were made prior to February 17, 2004, based upon previous standards, whose design does not allow them to meet the Reactive Power requirements established in paragraph (3) above, will be required to maintain a Reactive Power requirement as defined by the Generation Resource's URL that was submitted to ERCOT and established per the criteria in the Operating Guides.

(7) For purposes of meeting the Reactive Power requirements in paragraphs (3) through (6) above, multiple generation units including wind turbines shall, at a Generation Entity's option, be treated as a single Generation Resource or WGR if the units are connected to the same transmission bus.

(8) Generation Entities may submit to ERCOT specific proposals to meet the Reactive Power requirements established in paragraph (3) above by employing a combination of the URL and added VAr capability, provided that the added VAr capability shall be automatically switchable static and/or dynamic VAr devices. A Generation Resource and TSP may enter into an agreement in which the proposed static VAr devices can be switchable using Supervisory Control and Data Acquisition (SCADA). ERCOT may, at its sole discretion, either approve or deny a specific proposal, provided that in either case, ERCOT shall provide the submitter an explanation of its decision.

(9) A Generation Resource and TSP may enter into an agreement in which the Generation Resource compensates the TSP to provide VSS to meet the Reactive Power requirements of paragraph (3) above in part or in whole. The TSP shall certify to ERCOT that the agreement complies with the Reactive Power requirements of paragraph (3).

(10) Unless specifically approved by ERCOT, no unit equipment replacement or modification at a Generation Resource shall reduce the capability of the unit below the Reactive Power requirements that applied prior to the replacement or modification.

(11) Generation Resources shall not reduce high reactive loading on individual units during abnormal conditions without the consent of ERCOT unless equipment damage is imminent.

(12) All WGRs must provide a Real-Time SCADA point that communicates to ERCOT the number of wind turbines that are available for real power and/or Reactive Power injection into the ERCOT Transmission Grid. WGRs must also provide two other Real-Time SCADA points that communicate to ERCOT the following:

(a) The number of wind turbines that are not able to communicate and whose status is unknown; and

(b) The number of wind turbines out of service and not available for operation.

(13) For the purpose of complying with the Reactive Power requirements under this Section 3.15, Reactive Power losses that occur on privately-owned transmission lines behind the POI may be compensated by automatically switchable static VAr capable devices.

3.15.1 ERCOT Responsibilities Related to Voltage Support

(1) ERCOT, in coordination with the TSPs, shall establish, and update as necessary, Voltage Profiles at POI of Generation Resources required to provide VSS to maintain system voltages within established limits.

(2) ERCOT shall communicate to the Qualified Scheduling Entity (QSE) and TSPs the desired voltage at the point of generation interconnection by providing Voltage Profiles.

(3) ERCOT, in coordination with TSPs, shall deploy static Reactive Power Resources as required to continuously maintain dynamic reactive reserves from QSEs, both leading and lagging, adequate to meet ERCOT System requirements.

(4) For any Market Participant's failure to meet the Reactive Power voltage control requirements of these Protocols, ERCOT shall notify the Market Participant in writing of such failure and, upon a request from the Market Participant, explain whether and why the failure must be corrected.

(5) ERCOT shall notify all affected TSPs of any alternative requirements it approves.

(6) Annually, ERCOT shall review Distribution Service Provider (DSP) power factors using the actual summer Load and power factor information included in the annual Load data request to assess whether DSPs comply with the requirements of this subsection. At times selected by ERCOT, ERCOT shall require manual power factor measurement at substations and POIs that do not have power factor metering. ERCOT shall try to provide DSPs sufficient notice to perform the manual measurements. ERCOT may not request more than four measurements per calendar year for each DSP substation or POI where power factor measurements are not available.

(7) If actual conditions indicate probable non-compliance of TSPs and DSPs with the requirements to provide voltage support, ERCOT shall require power factor measurements at the time of its choice while providing sufficient notice to perform the measurements.

(8) ERCOT shall investigate claims of TSP and DSP alleged non-compliance with Voltage Support requirements. The ERCOT investigator shall advise ERCOT and TSP planning and operating staffs of the results of such investigations.

3.15.2 DSP Responsibilities Related to Voltage Support

Each DSP and Resource Entity within a Private Use Network shall meet the requirements specified in this subsection, or at their option, may meet alternative requirements specifically approved by ERCOT. Such alternative requirements may include requirements for aggregated groups of Facilities.

(a) Sufficient static Reactive Power capability shall be installed by a DSP or a Resource Entity within a Private Use Network not subject to a DSP tariff in substations and on the distribution voltage system to maintain at least a 0.97 lagging power factor for the maximum net active power measured in aggregate on the distribution voltage system. In those cases where a Private Use Network's power factor is established and governed by a DSP tariff, a Resource Entity within a Private Use Network shall ensure that the Private Use Network meets the requirements as defined and measured in the applicable tariff.

(b) DSP substations whose annual peak Load has exceeded ten MW shall have and maintain Watt/VAr metering sufficient to monitor compliance; otherwise, DSPs are not required to install additional metering to determine compliance.

(c) All DSPs shall report any changes in their estimated net impact on ERCOT as part of the annual Load data assessment.

(d) As part of the annual Load data assessment, all Resource Entities owning Generation Resources shall provide an annual estimate of the highest potential affiliated MW and MVAr Load (including any Load netted with the generation output) and the highest potential MW and MVAr generation that could be experienced at the POI to the ERCOT Transmission Grid, based on the current configuration (and the projected configuration if the configuration is going to change during the year) of the Generation Resource and any affiliated Loads.

3.15.3 QSE Responsibilities Related to Voltage Support

(1) QSE Generation Resources required to provide VSS shall have and maintain Reactive Power capability at least equal to the Reactive Power capability requirements specified in these Protocols and the ERCOT Operating Guides.

(2) QSE Generation Resources providing VSS shall be compliant with the ERCOT Operating Guides for response to transient voltage disturbance.

(3) QSE Generation Resources providing VSS must meet technical requirements specified in Section 8.1.1.1, Ancillary Service Qualification and Testing, and the performance standards specified in Section 8.1.1, QSE Ancillary Service Performance Standards.

(4) Each QSE's Generation Resource providing VSS shall operate with the unit's Automatic Voltage Regulator (AVR) in the voltage control mode unless specifically directed to operate in manual mode by ERCOT, or when the unit is going On-Line or Off-Line or the QSE determines a need to operate in manual mode in the event of an Emergency Condition at the generating plant. Each QSE shall send to ERCOT via telemetry, the AVR and Power System Stabilizer (PSS) status of each Generation Resource providing VSS. For AVRs, an "On" status will indicate the AVR is on and set to regulate the Resource's terminal voltage in the voltage control mode, and an "Off" status will indicate the AVR is off or in a manual mode. Each QSE shall monitor the status of their regulators and stabilizers, and shall report abnormal status changes to ERCOT.

(5) Each QSE shall meet, within established tolerances, and respond to changes in the Voltage Profile established by ERCOT subject to the stated QSE Reactive Power and actual power operating characteristic limits and voltage limits.

(6) The reactive capability required must be maintained at all times that the Generation Resource is On-Line.

(7) ERCOT shall post the information required under item (1) (b) of Section 1.3.1.2, Items Not Considered Protected Information, regarding the existence and status of any PSS of each interconnected Generation Resource on the MIS Secure Area. Each Resource Entity shall provide information related to the tuning parameters, local or inter-area, of any PSS installed at a Generation Resource.

3.16 Standards for Determining Ancillary Service Quantities

(1) ERCOT shall comply with the requirements for determining Ancillary Service quantities as specified in these Protocols and the ERCOT Operating Guides.

(2) ERCOT shall, at least annually, determine with supporting data, the methodology for determining the minimum quantity requirements for each Ancillary Service needed for reliability, including the percentage of Load Resources excluding Controllable Load Resources, the percentage of Direct Current (DC) Tie, and the percentage of Controllable Load Resources allowed to provide Responsive Reserve (RRS) Service calculated on a monthly basis.

(3) The ERCOT Board shall review and approve ERCOT's methodology for determining the minimum Ancillary Service requirements and the monthly percentage of Load Resources, Controllable Load Resources and DC Ties allowed to provide RRS.

(4) If ERCOT determines a need for additional Ancillary Service Resources under these Protocols or the ERCOT Operating Guides, after an Ancillary Service Plan for a specified day has been posted, ERCOT shall inform the market by posting notice on the Market Information System (MIS) Secure Area, of ERCOT’s intent to procure additional Ancillary Service Resources under Section 6.4.8.2, Supplemental Ancillary Services Market. ERCOT shall post the reliability reason for the increase in service requirements.

(5) ERCOT shall post engineering studies on the MIS Secure Area representing specific Ancillary Service requirement on an annual basis.

(6) The amount of Load Resources on high-set under-frequency relays providing RRS is limited to 50% of the total ERCOT RRS requirement. ERCOT may reduce this limit if it believes that this amount will have a negative impact on reliability or if this limit would require additional regulation to be deployed.

(7) The amount of RRS that a Qualified Scheduling Entity (QSE) can self-arrange using a Load Resource excluding Controllable Load Resources is limited to the lower of:

(a) Fifty percent (50%) of its RRS Obligation, or

(b) A reduced percentage of its RRS Obligation based on the limit established by ERCOT in paragraph (6) above.

(8) However, a QSE may bid more of the Load Resource above the percentage limit established by ERCOT for sale of RRS to other Market Participants. The total amount of

RRS Service using the Load Resource excluding Controllable Load Resources procured by ERCOT is also limited to the lesser of the 50% limit or the limit established by ERCOT in paragraph (6) above.

(9) ERCOT shall update the RRS threshold %, defined in paragraph (3)(a) in Section 3.18, Resource Limits in Providing Ancillary Service, in the event that the total amount of RRS procured changes. RRS must have minimum of 1150 MW of Primary Frequency Response which is maintained by Generation Resources capable of responding with a 5% droop for a 1% change in frequency.

3.17 Ancillary Service Capacity Products

3.17.1 Regulation Service

(1) Regulation Up (Reg-Up) Service is a service that provides capacity that can respond to signals from ERCOT within three to five seconds to respond to changes from scheduled system frequency. The amount of Reg-Up capacity is the amount of capacity available from a Resource that may be called on to change output as necessary to maintain proper system frequency. A Generation Resource providing Reg-Up must be able to increase energy output when deployed and decrease energy output when recalled. A Load Resource providing Reg-Up must be able to decrease Load when deployed and increase Load when recalled.

(2) Regulation Down (Reg-Down) Service is a service that provides capacity that can respond to signals from ERCOT within three to five seconds to respond to changes from scheduled system frequency. The amount of Reg-Down capacity is the amount of capacity available from a Resource that may be called on to change output as necessary to maintain proper system frequency. A Generation Resource providing Reg-Down must be able to decrease energy output when deployed and increase energy output when recalled. A Load Resource providing Reg-Down must be able to increase Load when deployed and decrease Load when recalled.

3.17.2 Responsive Reserve Service

(1) Responsive Reserve (RRS) Service is a service used to restore or maintain the frequency of the ERCOT System:

(a) In response to, or to prevent, significant frequency deviations;

(b) As backup Regulation Service; and

(c) By providing energy during an Energy Emergency Alert (EEA).

(2) RRS may be provided through one or more of the following means:

(a) By using frequency-dependent response from On-Line Resources as prescribed in the Operating Guides to help restore the frequency within the first few seconds of an event that causes a significant frequency deviation in the ERCOT System; and

(b) Either manually or by using a four-second signal to provide energy on deployment by ERCOT.

(3) RRS Service may be used to provide energy during the implementation of an EEA. Under the EEA, RRS provides generation capacity, capacity from Controllable Load Resources or interruptible Load available for deployment on ten minutes' notice.

(4) RRS Service may be provided by:

(a) Unloaded, On-Line Generation Resource capacity;

(b) Load Resources controlled by high-set, under-frequency relays;

(c) Controllable Load Resources;

(d) Hydro Responsive Reserves as defined in the Operating Guides; and

(e) Direct Current Tie (DC Tie) response that stops frequency decay as defined in the Operating Guides.

3.17.3 Non-Spinning Reserve Service

(1) Non-Spinning Reserve (Non-Spin) Service is provided by using:

(a) Generation Resources, whether On-Line or Off-Line, capable of:

(i) Being synchronized and ramped to a specified output level within 30 minutes; and

(ii) Running at a specified output level for at least one hour; or

(b) Load Resources capable of:

(i) Being interrupted within 30 minutes; and

(ii) Remaining interrupted for at least one hour.

[NPRR555: Replace paragraph (1)(b) above with the following upon system implementation:]

(b) Controllable Load Resources qualified for Dispatch by Security-Constrained Economic Dispatch (SCED) and capable of:

(i) Ramping to an ERCOT-instructed consumption level within 30 minutes;

and

(ii) Consuming at the ERCOT-instructed level for at least one hour.

(2) The Non-Spin may be deployed by ERCOT to increase available reserves in Real-Time Operations.

3.18 Resource Limits in Providing Ancillary Service

(1) For both Generation Resources and Load Resources the High Sustained Limit (HSL) must be greater than or equal to the Low Sustained Limit (LSL) and the sum of the Resource-specific designation of capacity to provide Responsive Reserve (RRS), Regulation Up (Reg-Up), Regulation Down (Reg-Down), and Non-Spinning Reserve (Non-Spin).

(2) For Non-Spin, the amount of Non-Spin provided must be less than or equal to the HSL for Off-Line Generation Resources.

(3) For RRS Service:

(a) The full amount of RRS provided from a Generation Resource must be less than or equal to 24% of thermal unit HSL for an Ancillary Service Offer, must be less than or equal to ten times the Emergency Ramp Rate, and must be frequency responsive;

[NPRR524: Replace paragraph (3)(a)above with the following upon implementation of a manual workaround:]

(a) The full amount of RRS provided from a Generation Resource must be less than or equal to 24% of thermal unit HSL for an Ancillary Service Offer, and must be less than or equal to ten times the Emergency Ramp Rate. The first 83% of the RRS capacity per Generation Resource must be immediately and fully frequency responsive. The remaining 17% may come from supplemental capacity through power augmentation technology that is not required to be immediately frequency responsive but must be able to meet all other RRS requirements as described in Section 8.1.1.2.1.2, Responsive Reserve Service Qualification;

(b) Hydro Generation Resources operating in the synchronous condenser fast-response mode may provide RRS up to the hydro Generation Resource's proven 20-second response capability (which may be 100% of the HSL). The initiation setting of the automatic under-frequency relay setting shall not be lower than 59.80 Hz;

(c) For any hydro Generation Resource with a 5% droop setting operating as a generator, the amount of RRS provided may never be more than 24% of the HSL; and

(d) The amount of RRS provided from a Load Resource must be less than or equal to the HSL minus the sum of the LSL, Reg-Up Resource Responsibility, Reg-Down Resource Responsibility, and Non-Spin Resource Responsibility.

3.19 Constraint Competitiveness Tests

3.19.1 Constraint Competitiveness Test Definitions

(1) The Constraint Competitiveness Test (CCT) checks the competitiveness of a constraint by evaluating each Market Participant's ability to exercise market power by physical or economic withholding. The CCT for a constrained Transmission Element evaluates whether there is sufficient competition to resolve the constraint on the import side by calculating the Element Competitiveness Index (ECI) on the import side of the constraint and by determining whether a single Entity is needed to resolve the constraint.

(2) The competitiveness of a constraint is tested both on a long-term basis and before each Security-Constrained Economic Dispatch (SCED) execution.

(3) The "Available Capacity for a Resource" is defined as follows:

(a) For Generation Resources, including Switchable Generation Resources, but excluding Intermittent Renewable Resources (IRRs):

(i) Long-Term CCT - the Seasonal net max sustainable rating, as registered with ERCOT.

(ii) SCED CCT - the telemetered High Sustained Limit (HSL) for Resources with telemetered Resource Status as specified in paragraph (5)(b)(i) of Section 3.9.1, Current Operating Plan (COP) Criteria, and zero for all other Resources.

(b) For IRRs:

(i) Long-Term CCT - the Seasonal net max sustainable rating, as registered with ERCOT, on the export side and zero MW on the import side.

(ii) SCED CCT - the telemetered HSL for Resources with telemetered Resource Status as specified in paragraph (5)(b)(i) of Section 3.9.1, and zero for all other Resources.

(c) For the Direct Current Tie (DC Tie) lines, the full import capability on the export side and zero MW on the import side for all CCTs.

(4) "Managed Capacity for an Entity" is a Resource or Split Generation Resource for which the Entity or its Affiliates has the decision-making authority over how the Resource or Split Generation Resource is offered or scheduled (e.g., Output Schedules), in accordance with subsection (d) of P.U.C. SUBST. R. 25.502, Pricing Safeguards in Markets Operated by the Electric Reliability Council of Texas. Each Resource Entity that owns a Resource shall submit a declaration to ERCOT, using a form designated by ERCOT, as to which Entity has the decision-making authority for each of its Resources. The declaration shall be signed by the Authorized Representative of the Resource Entity. In addition, each Resource Entity that owns a Resource shall Notify ERCOT of any known changes in that declaration no later than 14 days prior to the date that the change takes effect or as soon as possible in a situation where the Resource Entity is unable to meet the 14-day Notice requirement. Upon ERCOT's request, each Resource Entity that owns a Resource shall provide ERCOT with sufficient information or documentation to verify control of the Resource. ERCOT shall apply decision-making authority to Managed Capacity for an Entity effective the first Operating Hour of the Operating Day ERCOT satisfactorily confirms the Resource Entity's most recent declaration, but not sooner than the effective date specified on the Resource Entity's most recent declaration.

(5) Shift Factors of all Electrical Buses are computed relative to the distributed load reference Bus.

(a) For voltage, stability, and thermal-limited constraints, as well as interfaces represented by thermal limits, the Shift Factors should be computed with no other contingencies removed from the electrical network.

(b) For contingency-limited constraints, the Shift Factors used should be computed with the contingencies removed from the electrical network.

(6) As part of the Long-term and SCED CCT processes described below, there are several thresholds (SFP1, ECIT1, SFP2, ECIT2, SFP3, DMEECP, and SFP4) that are used in determining the competitive designation of a constraint and the Resources for which mitigation will be applied in SCED Step 2, as described in Section 6.5.7.3, Security Constrained Economic Dispatch. ERCOT shall define these thresholds and corresponding values in the Technical Advisory Committee (TAC)-approved Threshold Values for Competitive Constraint Test posted on the Market Information System (MIS) Public Area.

3.19.2 Element Competitiveness Index Calculation

(1) To compute the ECI on the import side, first determine the "ECI Effective Capacity" available to resolve the constraint. The ECI Effective Capacity that each Entity contributes to resolve the constraint on the import side is determined by taking, for each Managed Capacity for an Entity having negative Shift Factors with absolute values greater than the minimum of one-third of the highest absolute value of any Resource Shift Factor with a negative value and SFP1, the sum of the products of (A) the Available

Capacity for a Resource and (B) the square of the Shift Factor of that Resource to the constraint.

(2) ERCOT will determine the ECI on the import of the constraint, as follows:

(a) Determine the total ECI Effective Capacity by each Entity and its Affiliates on the import side.

(b) Determine the percentage of ECI Effective Capacity by each Entity and its Affiliates on the import side by taking each Entity and its Affiliates' ECI Effective Capacity and dividing by the total ECI Effective Capacity on the import side.

(c) The ECI on the import side is equal to the sum of the squares of the percentages of ECI Effective Capacity for each Entity and its Affiliates on the import side.

3.19.3 Long-Term Constraint Competitiveness Test

(1) The Long-Term CCT process is executed once a year and provides a projection of Competitive Constraints for the month with the highest forecasted Demand in the following year.

(2) The Long-Term CCT performs analysis on a selected set of constraints.

(3) A constraint is classified as a Competitive Constraint for the monthly case if it meets all of the following conditions:

(a) The ECI is less than ECIT1 on the import side of the constraint;

(b) The constraint can be resolved by eliminating all Available Capacity for a Resource on the import side, except nuclear capacity and minimum-energy amounts of coal and lignite capacity, that is Managed Capacity for an Entity or its Affiliates during peak Load conditions; and

(c) There are negative Shift Factors corresponding to Electrical Buses with Available Capacity for a Resource that have an absolute value greater than or equal to SFP2.

(4) Any constraint that is analyzed and does not meet the conditions in paragraph (3) above will be designated as a Non-Competitive Constraint for the monthly case.

(5) ERCOT shall update and post the list of Competitive Constraints identified by the Long-Term CCT on the MIS Secure Area. The list of Competitive Constraints shall be posted at least 30 days prior to the first of the year.

3.19.4 Security-Constrained Economic Dispatch Constraint Competitiveness Test

(1) The SCED CCT uses current system conditions to evaluate the competitiveness of a constraint.

(2) Before each SCED execution, CCT is performed for all active constraints in SCED. The SCED CCT shall classify a constraint as competitive for the current SCED execution if the constraint meets all of the following conditions:

(a) The ECI is less than ECIT2 on the import side;

(b) The constraint can be resolved by eliminating all Available Capacity for a Resource on the import side, except nuclear capacity and minimum-energy amounts of coal and lignite capacity, that is Managed Capacity for an Entity or its Affiliates. If the constraint cannot be resolved, then the Entity and its Affiliates will be marked as the pivotal player for resolving the constraint;

(c) There are negative Shift Factors corresponding to Electrical Buses with Available Capacity for a Resource that have an absolute value greater than or equal to SFP3; and

(d) The constraint was not designated as non-competitive by a previous SCED CCT execution within the current Operating Hour.

(3) Any constraint that is analyzed and is not designated as a Competitive Constraint under the conditions outlined in paragraph (2) above shall be designated as a Non-Competitive Constraint by the SCED CCT.

(4) A constraint that is determined to be a Non-Competitive Constraint by the SCED CCT within an Operating Hour will not be re-evaluated for its competitiveness status for the remainder of that Operating Hour. However, the SCED CCT will reevaluate the percentage of the ECI Effective Capacity on the import side for each decision-making authority and whether the decision-making authority is a pivotal player for the constraint. SCED will re-evaluate the competitiveness of the Non-Competitive Constraint starting with the first SCED interval of the next Operating Hour if the constraint remains active in SCED.

(5) The Independent Market Monitor (IMM) may designate any constraint as a Competitive Constraint or a Non-Competitive Constraint. ERCOT shall provide notice describing any such designation by the IMM. The notice shall include an effective date, justification for the constraint designation by the IMM and the duration for which the IMM designation will be applied. Any such designation from the IMM shall override the competitiveness status determined by the SCED CCT for the dates for which the IMM override is effective.

(6) Each hour, ERCOT shall post on the MIS Public Area whether each binding constraint was designated as a Competitive Constraint or as a Non-Competitive Constraint for each of the SCED executions during the previous Operating Hour.

(7) Mitigation will be applied to a Resource in the SCED Step 2, as described in Section 6.5.7.3, Security Constrained Economic Dispatch, when all of the following conditions are met:

(a) A constraint has been determined to be a Non-Competitive Constraint by either the SCED CCT or the IMM;

(b) The Entity with decision-making authority for the Resource is either identified as a pivotal player for the constraint as described in paragraph (4) above or has a percentage of ECI Effective Capacity on the import side for the constraint greater than DMEECP; and

(c) The Resource has a Shift Factor on the import side of the constraint with an absolute value greater than SFP4;

(8) Once mitigation has been applied to a Resource for a SCED interval, it shall remain applied for the remainder of the Operating Hour regardless of the conditions listed in paragraph (7) above.

[NPRR327: Insert Sections 3.20, 3.20.1, and 3.20.2 below upon system implementation and renumber accordingly:]

3.20 Process for Redacting State Estimator Data for Real-Time Publication

(1) State Estimator data that is published on the ERCOT Market Information System (MIS) Secure Area in Real-Time shall exclude information (including but not limited to, voltages, transmission flows and transformer flows) from which Resource-specific output levels or offer curves could continually and systematically be derived.

(2) The appropriate Technical Advisory Committee (TAC) subcommittee shall develop a recommended list of State Estimator elements including transmission lines, transformers and Loads to be redacted using the methodology described in Section 3.20.1, Methodology for Redaction of State Estimator Data. TAC shall consider the recommended list at its regularly scheduled meetings in February, May, August, and November TAC of each year.

(3) ERCOT shall develop a published list of State Estimator elements not included in the approved redacted list. ERCOT shall produce reports filtered according to the published list to provide redacted Real-Time State Estimator data as described in Section 6.5.7.1.13, Data Inputs and Outputs for the Real-Time Sequence and SCED.

(4) Distribution Service Providers (DSPs) and Transmission Service Providers (TSPs) will have access to all State Estimator data in Real-Time and the data will not be subject to the redaction methodology as described in Section 3.20.1.

3.20.1 Methodology for Redaction of State Estimator Data

(1) This method seeks to introduce at least two transmission flow unknowns at, or near, every generation plant and Load station electrical connection, as identified in Section 3.20.2, Methodology of Identification of Redacted Load.

(2) The State Estimator data for the following Transmission Elements shall be redacted for the entire ERCOT System:

(a) Generator Step Up (GSU) transformers;

(b) Radial lines serving generating plants;

(c) Transformers serving redacted Load; and

(d) Radial lines serving redacted Load.

(3) At each substation where a Generation Resource exists, the State Estimator data for the Transmission Elements determined using one or more of the following methods shall be redacted:

(a) A transmission branch path that provides connection from the plant generation bus or redacted Load to another plant generation bus or redacted Load where the same owner exists on both buses;

(b) A transmission branch path that provides connection from the plant generation bus or redacted Load to two independently owned generation plants or redacted Loads;

(c) A transmission branch path that provides connection from plant generation bus to substation Load whose summer peak value is equal to or greater than 25% of generation plant capability; or

(d) A transmission branch path that provides connection from redacted Load to substation Load whose summer peak value is equal to or greater than 25% of redacted Load.

3.20.2 Methodology of Identification of Redacted Load

The following Loads will be considered redacted Load:

(a) Individual Load on Electrical Buses for station codes that have ten or fewer Electric Service Identifiers (ESI IDs) in DSP or TSP competitive areas; and

(b) Any Non-Opt-In Entity (NOIE) Load unless the NOIE informs ERCOT of the substation or Electrical Buses that can be published and does not conflict with

Section 1.3.1, Restrictions on Protected Information.

3.20 Submission of Emergency Operations Plans, Weatherization Plans, and Declarations of Summer and Winter Weather Preparedness

(1) Each Resource Entity shall provide ERCOT a complete copy of the emergency operations plan for each Generation Resource under the Resource Entity's control. For any jointly owned Generation Resource, the emergency operations plan shall be submitted by the Master Owner designated in the Resource registration form. Each Resource Entity shall provide ERCOT with any updated versions of the emergency operations plan within 30 days after such updates take effect. Resource Entities shall submit all plans and updates electronically. This paragraph does not apply to any currently Mothballed Generation Resource.

(2) For each emergency operations plan submitted, a Resource Entity shall either specifically designate which portions of the plan address weatherization, or shall separately submit a weatherization plan. At a minimum, the emergency operations plan or weatherization plan, as applicable, shall include a description of the Generation Resource's practices and procedures undertaken in preparation for winter and summer weather and during specific occurrences of extreme weather. If a weatherization plan is submitted separately, the Resource Entity shall provide ERCOT with any updated versions of this weatherization plan within 30 days after such updates take effect. Resource Entities shall submit all such plans and updates electronically.

(3) No earlier than November 1 and no later than December 1 of each year, each Resource Entity shall submit the declaration in Section 22, Attachment K, Declaration of Completion of Generation Resource Weatherization Preparations, to ERCOT stating that, at the time of submission, each Generation Resource under the Resource Entity's control has completed or will complete all weather preparations required by the weatherization plan for equipment critical to the reliable operation of the Generation Resource during the winter time period (December through February). If the work on the equipment that is critical to the reliable operation of the Generation Resource is not complete at the time of filing the declaration, the Resource Entity shall provide a list and schedule of remaining work to be completed. The declaration shall be executed by an officer or executive with authority to bind the Resource Entity. This declaration shall not apply to any Generation Resource for any part of the above designated winter time period for which the Resource Entity expects the Generation Resource to be mothballed, and a Resource Entity is not required to submit a declaration for any Generation Resource that is expected to be mothballed for the entire winter time period. However, if a Generation Resource was not included on the declaration because it was mothballed at the time the declaration was submitted and was not intended to be operational during the winter time period, a Resource Entity shall provide the declaration for that Generation Resource prior to changing its status from mothballed to operational during the winter time period.

(4) No earlier than May 1 and no later than June 1 of each year, each Resource Entity shall submit the declaration in Section 22, Attachment K, to ERCOT stating that, at the time of submission, each Generation Resource under the Resource Entity's control has completed or will complete all weather preparations required by the weatherization plan for equipment critical to the reliable operation of the Generation Resource during the summer time period (June through September). If the work on the equipment that is critical to the reliable operation of the Generation Resource is not complete at the time of filing the declaration, the Resource Entity shall provide a list and schedule of remaining work to be completed. The declaration shall be executed by an officer or executive with authority to bind the Resource Entity. This declaration shall not apply to any Generation Resource for any part of the above designated summer time period for which the Resource Entity expects the Generation Resource to be mothballed, and a Resource Entity is not required to submit a declaration for any Generation Resource that is expected to be mothballed for the entire summer time period designated above. However, if a Generation Resource was not included on the declaration because it was mothballed at the time the declaration was submitted and was not intended to be operational during the summer time period, a Resource Entity shall provide the declaration for that Generation Resource prior to changing its status from mothballed to operational during the summer time period.

(5) On or before January 15 each year, ERCOT shall report to the Public Utility Commission of Texas (PUCT) the names of Resource Entities failing to provide the declaration required by paragraph (3) above.

(6) On or before July 15 each year, ERCOT shall report to the PUCT the names of Resource Entities failing to provide the declaration required by paragraph (4) above.

ERCOT Nodal Protocols

Section 4: Day-Ahead Operations

October 1, 2013

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4 DAY-AHEAD OPERATIONS

4.1 Introduction

(1) The Day-Ahead Market (DAM) is a daily, co-optimized market in the Day-Ahead for Ancillary Service capacity, certain Congestion Revenue Rights (CRRs), and forward financial energy transactions.

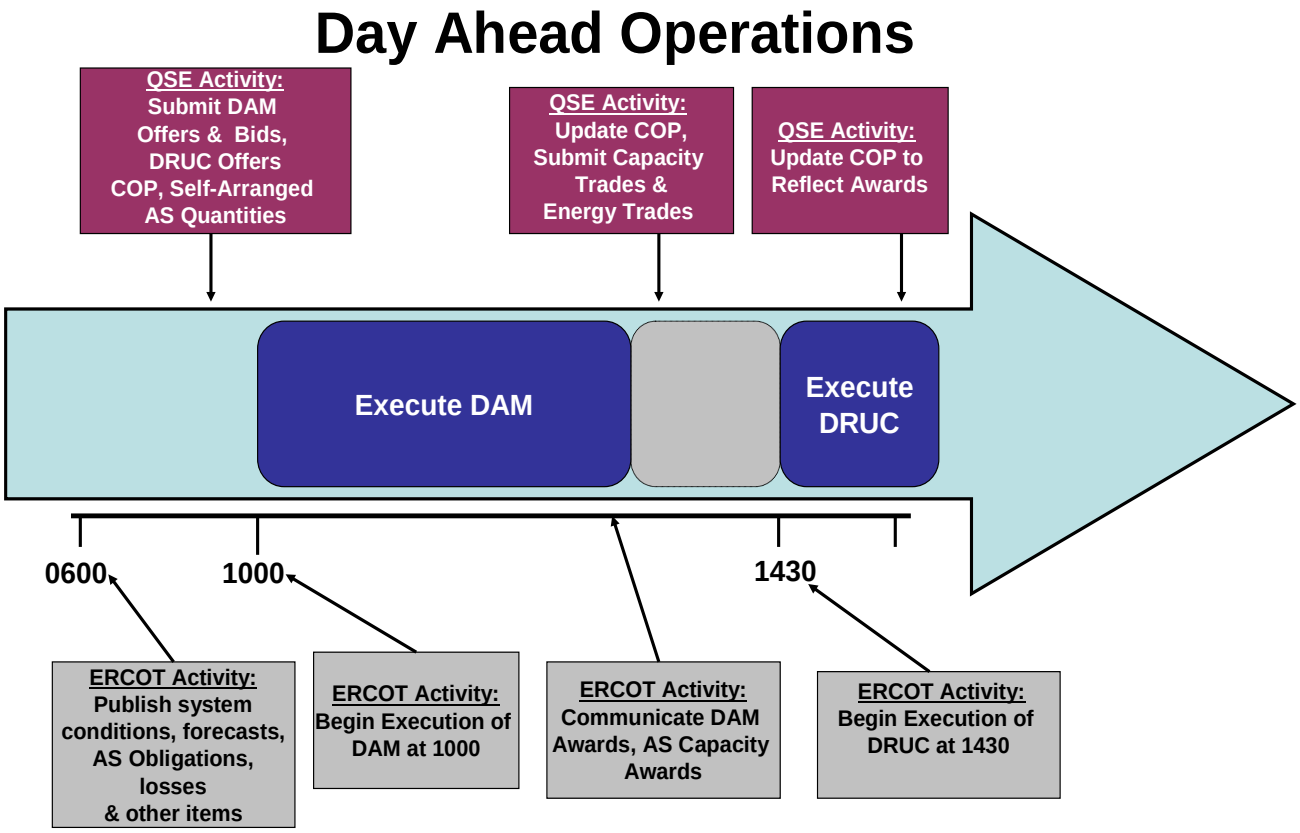
(2) Participation in the DAM is voluntary, except for Reliability Must-Run (RMR) Units, the participation of which is governed by their respective RMR Agreements and Section 4.4.8, RMR Offers.

(3) DAM energy settlements use DAM Settlement Point Prices that are calculated for Resource Nodes, Load Zones, and Hubs for a one-hour Settlement Interval using the Locational Marginal Prices (LMPs) from DAM. In contrast, the Real-Time energy settlements use Real-Time Settlement Point Prices that are calculated for Resource Nodes, Load Zones, and Hubs for a 15-minute Settlement Interval.

(4) To the extent that the ERCOT CEO or designee determines that Market Participant activities have produced an outcome inconsistent with the efficient operation of the ERCOT administered markets as defined in subsection (c)(2) of P.U.C. SUBST. R. 25.503, Oversight of Wholesale Market Participants, ERCOT may prohibit the activity by Notice for a period beginning on the date of the Notice and ending no later than 45 days after the date of the Notice. ERCOT may issue subsequent Notices on the same activity. The ERCOT CEO may deem any Nodal Protocol Revision Request (NPRR) designed to correct the activity or issues affecting the activity as Urgent pursuant to Section 21.5, Urgent Nodal Protocol Revision Requests and System Change Requests.

4.1.1 Day-Ahead Timeline Summary

The figure below shows the major activities that occur in the Day-Ahead:



4.1.2 Day-Ahead Process and Timing Deviations

(1) ERCOT may temporarily deviate from the timing of its obligations in this Section but only to the extent necessary to ensure the secure operation of the ERCOT System. In that event, ERCOT shall immediately issue a Watch and notify all Qualified Scheduling Entities (QSEs) of the following:

(a) Details of the affected timing and procedures;

(b) Details of any interim requirements;

(c) An estimate of the period for which the interim requirements apply; and

(d) Reasons for the temporary variation.

(2) If, despite the varying timing or omitting any procedure, ERCOT is unable to execute the Day-Ahead process, ERCOT may abort all or part of the Day-Ahead process and require all schedules and trades to be submitted in the Adjustment Period. In that event, ERCOT shall declare an Emergency Condition and notify all QSEs of the following:

(a) Details of the affected timing and procedures;

(b) Details of any interim requirements, including the requirements described in Section 5.2.2.2, RUC Process Timeline After an Aborted Day-Ahead Market;

(c) An estimate of the period for which the interim requirements apply; and

(d) Reasons for the temporary variation.

(3) If, despite varying timing or omitting steps, ERCOT is unable to operate the Adjustment Period process, then ERCOT may abort the Adjustment Period process and operate under its Operating Period procedures.

4.2 ERCOT Activities in the Day-Ahead

4.2.1 Ancillary Service Plan and Ancillary Service Obligation

4.2.1.1 Ancillary Service Plan

(1) ERCOT shall analyze the expected Load conditions for the Operating Day and develop an Ancillary Service Plan that identifies the Ancillary Service MW necessary for each hour of the Operating Day. The MW of each Ancillary Service required may vary from hour to hour depending on ERCOT System conditions. ERCOT must post the Ancillary Service Plan to the Market Information System (MIS) Public Area by 0600 of the Day-Ahead.

(2) If ERCOT determines that an Emergency Condition may exist that would adversely affect ERCOT System reliability, it may change the percentage of Load Resources that are allowed to provide Responsive Reserve (RRS) Service from the monthly amounts determined previously, as described in Section 3.16, Standards for Determining Ancillary Service Quantities, and must post any change in the percentage to the MIS Public Area by 0600 of the Day-Ahead.

(3) ERCOT shall determine the total required amount of each Ancillary Service under Section 3.16, or use its operational judgment and experience to change the daily quantity of each required Ancillary Service.

(4) ERCOT shall include in the Ancillary Service Plan enough capacity to automatically control frequency with the intent to meet North American Electric Reliability Corporation (NERC) Reliability Standards.

(5) ERCOT shall notify the Qualified Scheduling Entity (QSE) representing a Reliability Must-Run (RMR) Unit for any unit that is being committed in the Day-Ahead Market (DAM) or the Day-Ahead Reliability Unit Commitment (DRUC) at the same time that the DAM and DRUC participants are notified of the results of that respective process.

(6) Once specified by ERCOT for an hour and published on the MIS Public Area, Ancillary Service quantity requirements for an Operating Day may not be decreased.

4.2.1.2 Ancillary Service Obligation Assignment and Notice

(1) ERCOT shall assign part of the Ancillary Service Plan quantity, by service, by hour, to each QSE based on its Load Serving Entity (LSE) Load Ratio Shares (LRSs) (including the shares for Direct Current Tie (DC Tie) exports not eligible for the Oklaunion Exemption) aggregated by hour to the QSE level. The resulting Ancillary Service quantity for each QSE, by service, by hour, is called its Ancillary Service Obligation. ERCOT shall base the QSE Ancillary Service allocation on the QSE to LSE relationships for the operating date and on the hourly LSE LRSs from the Real-Time market data used for Initial Settlement for the same hour and day of the week, for the most recent day for which Initial Settlement Statements are available, multiplied by the quantity of that service required in the Day-Ahead Ancillary Service Plan. The Ancillary Service Obligation defined shall be adjusted based on the most current real time settlement and resettlement data for the Operating Day for which the Ancillary Service was procured.

(2) By 0600 of the Day-Ahead, ERCOT shall notify each QSE of its Ancillary Service Obligation for each service and for each hour of the Operating Day.

(3) By 0600 of the Day-Ahead, ERCOT shall post on the MIS Certified Area each QSE's LRS used for the Ancillary Service Obligation calculation.

4.2.2 Wind-Powered Generation Resource Production Potential

(1) ERCOT shall produce and update hourly a Short-Term Wind Power Forecast (STWPF) that provides a rolling 48-hour hourly forecast of wind production potential for each Wind-powered Generation Resource (WGR). ERCOT shall produce and update an hourly Total ERCOT Wind Power Forecast (TEWPF) providing a probability distribution of the hourly production potential from all wind-power in ERCOT for each of the next 48 hours. Each Generation Entity that owns a WGR shall install and telemeter to ERCOT the site-specific meteorological information that ERCOT determines is necessary to produce the STWPF and TEWPF forecasts. ERCOT shall establish procedures specifying the accuracy requirements of WGR meteorological information telemetry.

(2) ERCOT shall use the probabilistic TEWPF and select the forecast that the actual total ERCOT WGR production is expected to exceed 50% of the time (50% probability of exceedance forecast). To produce the STWPF, ERCOT will allocate the TEWPF 50% probability of exceedance forecast to each WGR such that the sum of the individual STWPF forecasts equal the TEWPF forecast. The updated STWPF forecasts for each hour for each WGR are to be used as input into each Reliability Unit Commitment (RUC) process as per Section 5, Transmission Security Analysis and Reliability Unit Commitment.

(3) ERCOT shall produce the Wind-powered Generation Resource Production Potential (WGRPP) forecasts using the information provided by WGR owners including WGR availability, meteorological information, and Supervisory Control and Data Acquisition (SCADA).

(4) Each hour, ERCOT shall provide, through the Messaging System, the STWPF and WGRPP forecasts for each WGR to the QSE that represents that WGR and shall post each STWPF and WGRPP forecast on the MIS Certified Area.

(5) Each hour, ERCOT shall post to the MIS Public Area, on a system-wide and regional basis the hourly actual wind power production, STWPF, WGRPP, and aggregate Current Operating Plan (COP) High Sustained Limits (HSLs) for On-Line WGRs for a rolling historical 48-hour period. The system-wide and regional STWPF, WGRPP, and aggregate COP HSLs for On-Line WGRs will also be posted for the rolling future 48-hour period. ERCOT shall retain the STWPF and WGRPP for each hour.

(6) Every five minutes, ERCOT shall post to the MIS Public Area, on a system-wide and regional basis, five-minute actual wind power production for a rolling historical 60-minute period.

4.2.3 Posting Secure Forecasted ERCOT System Conditions

(1) No later than 0600 in the Day-Ahead, ERCOT shall post on the MIS Secure Area, and make available for download, the following information for the Operating Day:

(a) For each update of the Network Operations Model, the Redacted Network Operations Model in the Common Information Model (CIM) format and the companion version of Network Operations Model (unredacted) will be posted to the MIS Certified Area for Transmission Service Providers (TSPs) as described in paragraph (10) of Section 3.10.4, ERCOT Responsibilities;

(b) For each update of the Network Operations Model, differences between the posted Redacted Network Operations Model and the previous Redacted Network Operations Model as described in paragraph (4) of Section 3.10.4;

(c) Any weather-related changes to the transmission contingency list;

(d) Load Profiles for non-Interval Data Recorder (IDR) metered Customers;

(e) Distribution Loss Factors (DLFs) and forecasted ERCOT-wide Transmission Loss Factors (TLFs), as described in Section 13.3, Distribution Losses, and Section 13.2, Transmission Losses, for each Settlement Interval of the Operating Day; and

(f) A current list of Electrically Similar Settlement Points produced from the 0600 DAM study that support that creation of Power System Simulator for Engineering (PSS/E) files.

(g) A daily version of the Network Operations Model in a PSS/E format that has been exported from the Market Management System prior to 0600 representing the next Operating Day in hourly files, inclusive of:

(i) Outages from the Outage Scheduler implemented in the hourly PSS/E files;

(ii) All bus shunt MW and MVAr set to zero;

(iii) All Load MW and MVAr set to zero;

(iv) All generation MW and MVAr set to zero;

(v) All ratings for series devices not monitored/secured in the DAM set to zero; and

(vi) Slack bus used in the DAM shall be represented at the same bus in each case.

(h) A daily version of supporting files for the PSS/E files supporting the Network Operations Model that has been exported from the Market Management System prior to 0600, inclusive of:

(i) Contingency definition corresponding to each hourly PSS/E file;

(ii) Generator mapping data corresponding to each hourly PSS/E file;

(iii) Mapping of all Resource Nodes and Direct Current (DC) Tie Load Zone to the hourly PSS/E file including Private Use Network Settlement Points. This file of hourly data will also include the base case energization status of Resource Node and DC Tie Load Zone reflecting Settlement Points available for DAM clearing process;

(iv) Load mapping data corresponding to each hourly PSS/E case necessary to model all Load Zone energy transactions in the DAM;

(v) Transmission line mapping data corresponding to each hourly PSS/E files;

(vi) Transformer mapping data corresponding to each hourly PSS/E files; and

(vii) Hub mapping data corresponding to each hourly PSS/E case necessary to model all Hub energy transactions in the DAM.

4.2.3.1 Posting Public Forecasted ERCOT System Conditions

(1) No later than 0600 in the Day-Ahead, ERCOT shall post on the MIS Public Area, and make available for download, the following information for the Operating Day:

(a) Weather assumptions used by ERCOT to forecast ERCOT System conditions and used in the Dynamic Rating Processor;

(b) ERCOT System, Weather Zone, and Load Zone Load forecasts for the next seven days, by hour, and a message on update indicating any changes to the forecasts by means of the Messaging System;

(c) A current list of all Settlement Points that may be used for market processes and transactions;

(d) A mapping of Settlement Points to Electrical Buses in the Network Operations Model;

(e) A list of transmission constraints that have a high probability of binding in the Security-Constrained Economic Dispatch (SCED) or DAM;

(f) Load forecast distribution factors from which Market Participants can calculate Load at the Electrical Bus level by hour for the next seven days; and

(g) A mapping of any Electrical Bus to another Electrical Bus for purposes of heuristic pricing as described in paragraph (8) of Section 4.5.1, DAM Clearing Process, and Section 6.6.1, Real-Time Settlement Point Prices.

4.2.4 ERCOT Notice of Validation Rules for the Day-Ahead

ERCOT shall provide each QSE with the information necessary to pre-validate its data for DAM, including publishing validation rules for offers, bids and trades and posting any software documentation and code that is not Protected Information to the MIS Secure Area within five Business Days after ERCOT receives it.

4.3 QSE Activities and Responsibilities in the Day-Ahead

(1) During the Day-Ahead, a Qualified Scheduling Entity (QSE):

(a) Must submit its Current Operating Plan (COP) and update its COP as required in Section 3.9, Current Operating Plan (COP); and

(b) May submit Three-Part Supply Offers, Day-Ahead Market (DAM) Energy-Only Offers, DAM Energy Bids, Energy Trades, Self-Schedules, Capacity Trades, Direct Current (DC) Tie Schedules, Ancillary Service Offers, Ancillary Service Trades, Self-Arranged Ancillary Service Quantities, and Point-to-Point (PTP) Obligation bids as specified in this Section.

(2) By 0600 in the Day-Ahead, each QSE representing Reliability Must-Run (RMR) Units or Black Start Resources shall submit its Availability Plan to ERCOT indicating availability of RMR Units and Black Start Resources for the Operating Day and any other

information that ERCOT may need to evaluate use of the units as set forth in the applicable Agreements and this Section.

4.4 Inputs into DAM and Other Trades

4.4.1 Capacity Trades

(1) A Capacity Trade is the information for a Qualified Scheduling Entity (QSE)-to-QSE transaction that transfers financial responsibility for capacity between a buyer and a seller.

(2) A Capacity Trade for hours in the Operating Day that is reported to ERCOT before 1430 in the Day-Ahead creates:

(a) A capacity supply in the Day-Ahead Reliability Unit Commitment (DRUC) process for the buyer; and

(b) A capacity obligation in the DRUC process for the seller.

(3) A Capacity Trade submitted at or after 1430 in the Day-Ahead for the Operating Day creates a capacity supply or obligation in any Hourly Reliability Unit Commitment (HRUC) processes executed after the Capacity Trade is reported to ERCOT. Capacity Trades submitted after the DRUC snapshot are considered in the Adjustment Period snapshot.

(4) As soon as practicable, ERCOT shall notify each QSE through the Messaging System of any of its Capacity Trades that are invalid Capacity Trades. The QSE may correct and resubmit any invalid Capacity Trade within the appropriate market timeline.

4.4.1.1 Capacity Trade Criteria

(1) A Capacity Trade must be submitted by a QSE and must include the following:

(a) The buying QSE;

(b) The selling QSE;

(c) The quantity in MW; and

(d) The first hour and last hour of the trade.

(2) A Capacity Trade must be confirmed by both the buyer and seller to be considered valid.

4.4.1.2 Capacity Trade Validation

(1) A validated Capacity Trade is a Capacity Trade that ERCOT has determined meets the criteria listed in Section 4.4.1.1, Capacity Trade Criteria. Only one confirmed Capacity Trade is allowed for the same buying and selling QSEs for each hour.

(2) When a Capacity Trade is reported to ERCOT, ERCOT shall notify both the buying and selling QSEs by using the Messaging System, if available, and on the Market Information System (MIS) Certified Area. ERCOT shall also post to the MIS Certified Area any unconfirmed Capacity Trades for QSEs on an hourly basis for all remaining hours of the current Operating Day and all hours of the next Operating Day.

(3) ERCOT shall continuously validate Capacity Trades and continuously display on the MIS Certified Area information that allows any QSE named in a Capacity Trade to view confirmed and unconfirmed Capacity Trades.

(4) The QSE that first reports the Capacity Trade to ERCOT is deemed to have confirmed the Capacity Trade unless it subsequently affirmatively rejects it. The QSE that first reports a Capacity Trade may reject, edit, or delete a Capacity Trade that its counterpart has not confirmed. The counterpart is deemed to have confirmed the Capacity Trade when it submits to ERCOT an identical Capacity Trade. After both the buyer and seller have confirmed a Capacity Trade, either party may reject it at any time, but the rejection is effective only for any ERCOT Settlement process for which the deadline for reporting Capacity Trades has not yet passed.

4.4.2 Energy Trades

(1) An Energy Trade is the information for a QSE-to-QSE transaction that transfers financial responsibility for energy at a Settlement Point between a buyer and a seller.

(2) An Energy Trade for hours in the Operating Day that is reported to ERCOT before 1430 in the Day-Ahead creates a capacity supply or obligation in the DRUC process. Energy Trades submitted after 1430 in the Day-Ahead for the Operating Day create a capacity supply or obligation in any HRUC processes executed after the Energy Trade is reported to ERCOT. Energy Trades submitted after the DRUC snapshot are considered in the Adjustment Period.

(3) An Energy Trade may be submitted for any Settlement Interval within an Operating Day before 1430 of the following day.

(4) As soon as practicable, ERCOT shall notify each QSE through the Messaging System of any of its Energy Trades that are invalid Energy Trades. The QSE may correct and resubmit any invalid Energy Trade within the appropriate market timeline.

4.4.2.1 Energy Trade Criteria

(1) Each Energy Trade must be reported by a QSE and must include the following information:

(a) The buying QSE;

(b) The selling QSE;

(c) The quantity of MW for each 15-minute Settlement Interval of the trade;

(d) The first and last 15-minute Settlement Intervals of the trade; and

(e) The Settlement Point of the trade.

(2) An Energy Trade must be confirmed by both the buyer and seller to be considered valid.

4.4.2.2 Energy Trade Validation

(1) A validated Energy Trade is an Energy Trade that ERCOT has determined meets the criteria listed in Section 4.4.2.1, Energy Trade Criteria. Only one confirmed Energy Trade is allowed for the same buying and selling QSEs at the same Settlement Point for each 15-minute Settlement Interval.

(2) When an Energy Trade is reported to ERCOT, ERCOT shall notify both the buying and selling QSEs by using the Messaging System, if available, and the MIS Certified Area. ERCOT shall also post to the MIS Certified Area any unconfirmed Energy Trades for QSEs on an hourly basis for all remaining hours of the current Operating Day and all hours of the next Operating Day.

(3) ERCOT shall continuously validate Energy Trades and continuously display on the MIS Certified Area information that allows any QSE named in an Energy Trade to view confirmed and unconfirmed Energy Trades.

(4) The QSE that first reports the Energy Trade to ERCOT is considered to have confirmed the Energy Trade unless it subsequently affirmatively rejects it. The QSE that first reports an Energy Trade may reject, edit, or delete an Energy Trade that its counterpart has not confirmed. The counterpart is deemed to have confirmed the Energy Trade when it submits an identical Energy Trade. After both the buyer and seller have confirmed an Energy Trade, either party may reject it at any time, but the rejection is effective only for any ERCOT process for which the deadline for reporting Energy Trades has not yet passed.

4.4.3 Self-Schedules

(1) A Self-Schedule is the information that a QSE submits for Real-Time Settlement that specifies the amount of the QSE's energy supply at a specified source Settlement Point to be used to meet the QSE's energy obligation at a specified sink Settlement Point.

(2) A Self-Schedule may be submitted for any Settlement Interval before the end of the Adjustment Period for that Settlement Interval.

(3) As soon as practicable, ERCOT shall notify the QSE through the Messaging System of any of its Self-Schedules that are invalid Self-Schedules. The QSE may correct and resubmit any invalid Self-Schedule within the appropriate market timeline.

4.4.3.1 Self-Schedule Criteria

(1) Each Self-Schedule must be reported by a QSE and must include the following information:

(a) The name of the QSE;

(b) The quantity of MW for each 15-minute Settlement Interval of the schedule;

(c) The first and last 15-minute Settlement Intervals of the schedule;

(d) The source Settlement Point of the schedule; and

(e) The sink Settlement Point of the schedule.

4.4.3.2 Self-Schedule Validation

(1) A validated Self-Schedule is a Self-Schedule that ERCOT has determined meets the criteria listed in Section 4.4.3.1, Self-Schedule Criteria.

(2) ERCOT shall continuously validate Self-Schedules and continuously display on the MIS Secure Area information that allows the QSE named in a Self-Schedule to view validated Self-Schedules.

4.4.4 DC Tie Schedules

(1) All schedules between the ERCOT Control Area and a non-ERCOT Control Area(s) over Direct Current Tie(s) (DC Ties(s)), must be implemented under these Protocols, any applicable North American Electric Reliability Corporation (NERC) Reliability Standards, North American Energy Standards Board (NAESB) Practice Standards, and operating agreements between ERCOT and the Comision Federal de Electricidad (CFE).

(2) A DC Tie Schedule for hours in the Operating Day corresponding to an Electronic Tag (e-Tag) that is reported to ERCOT before 1430 in the Day-Ahead creates a capacity supply for the equivalent Resource or an obligation for the equivalent Load of the DC Tie in the DRUC process. DC Tie Schedules corresponding to e-Tags approved after 1430 in the Day-Ahead for the Operating Day create a capacity supply or obligation in any applicable HRUC processes. DC Tie Schedules corresponding to e-Tags approved after the Reliability Unit Commitment (RUC) snapshot are considered in the Adjustment Period snapshot in accordance with the market timeline.

(3) A QSE that is an importer into ERCOT through a DC Tie in a Settlement Interval under an approved e-Tag must be treated as a Resource at that DC Tie Settlement Point for that Settlement Interval.

(4) A QSE that is an exporter from ERCOT through a DC Tie in a Settlement Interval under an approved e-Tag must be treated as a Load at the DC Tie Settlement Point for that Settlement Interval and is responsible for allocated Transmission Losses, Unaccounted for Energy (UFE), System Administration Fee, and any other applicable ERCOT fees. This applies to all exports across the DC Ties except those that qualify for the Oklaunion Exemption.

(5) ERCOT shall perform schedule confirmation with the applicable non-ERCOT Control Area(s) and shall coordinate the approval process for the e-Tags for the ERCOT Control Area. An e-Tag for a schedule across a DC Tie is considered approved if:

(a) All Control Areas and Transmission Service Providers (TSPs) with approval rights approve the e-Tag (active approval); or

(b) No Entity with approval rights over the e-Tag has denied it, and the approval time window has ended (passive approval).

(6) Using the DC Tie Schedule information corresponding to e-Tags submitted by QSEs, ERCOT shall update and maintain a Current Operating Plan (COP) for each DC Tie for which the aggregated DC Tie Schedules for that tie show a net export out of ERCOT for the applicable interval. When the net energy schedule for a DC Tie indicates an export, ERCOT shall treat the DC Tie as an Off-Line Resource and set the High Sustained Limit (HSL) and Low Sustained Limit (LSL) for that DC Tie Resource to zero. ERCOT shall monitor the associated Resource Status telemetry during the Operating Period. When the net energy schedule for a DC Tie shows a net import, the Resource HSL, High Ancillary Service Limit (HASL) and LSL must be set appropriately, considering the resulting net import and any Ancillary Service Schedules for the DC Tie Resource.

(7) A QSE exporting from ERCOT and/or importing to ERCOT through a DC Tie shall:

(a) Secure and maintain an e-Tag service to submit e-Tags and monitor e-Tag status according to NERC requirements;

(b) Submit e-Tags for all proposed transactions; and

(c) Implement backup procedures in case of e-Tag service failure.

(8) ERCOT shall use the DC Tie e-Tag MW amounts for Settlement. The DC Tie operator shall communicate deratings of the DC Ties to ERCOT and other affected regions and all parties shall agree to any adjusted or curtailed e-Tag amounts.

(9) DC Tie Load is considered as Load for daily and hourly reliability studies, and settled as Adjusted Metered Load (AML). DC Tie Load is curtailed prior to other Load on the ERCOT System due to transmission constraints as set forth in Section 6.5.9.3.4, Emergency Notice, and during Energy Emergency Alert (EEA) events as set forth in 6.5.9.4.2, EEA Levels.

(10) DC Tie Load shall neither be curtailed during the Adjustment Period, nor for more than one hour at a time, except for the purpose of maintaining reliability.

4.4.4.1 DC Tie Schedule Criteria

Each DC Tie Schedule must correspond to an implemented e-Tag and include the following information:

(a) The QSE ERCOT identifier or non-ERCOT Control Area buying the energy;

(b) The QSE ERCOT identifier or non-ERCOT Control Area selling the energy;

(c) The DC Tie Settlement Point name;

(d) The quantity in MW for each 15-minute Settlement Interval of the schedule;

(e) The first and last 15-minute Settlement Intervals of the schedule; and

(f) The e-Tag name.

4.4.4.2 Oklaunion Exemption

(1) ERCOT shall record DC Tie Schedules that qualify for the Oklaunion Exemption to support the billing of applicable TSP tariffs.

(2) A QSE requesting the Oklaunion Exemption shall:

(a) Apply to ERCOT for the exemption;

(b) Set up a separate QSE (or sub-QSE) solely to schedule DC Tie exports under the exemption;

(c) Designate a non-exempt QSE for settlement of surplus exports; and

(d) Secure the Resources for a DC Tie Schedule by a DC Tie Schedule from each QSE representing part or all the Oklaunion Resource.

(3) Prior to Real-Time Market (RTM) final Settlement, ERCOT shall verify for each Settlement Interval that the sum of the "exempted" exports under the Oklaunion Exemption is not more than the total output from the Oklaunion Resource.

(4) If an adjustment is necessary, the QSE's exempt Load that is greater than the sum of its respective Real-Time metered generation for the virtual generators that are eligible for the exemption will be transferred from the exempt QSE to the designated non-exempt QSE.

4.4.5 [RESERVED]

4.4.6 PTP Obligation Bids

(1) A Point-to-Point (PTP) Obligation bid is a bid that specifies the source and sink, a range of hours, and a maximum price that the bidder is willing to pay ("Not-to-Exceed Price").

(2) PTP Obligations that are bought in the Day-Ahead Market (DAM) must be settled based on the applicable Real-Time Settlement Point Prices.

(3) A PTP Obligation with Links to an Option is held to be reflective of the Non-Opt-In Entity's (NOIE's) PTP Option if the source and sink pairs on both the NOIE's PTP Obligation and the NOIE's PTP Option are the same, and the MWs of the NOIE's PTP Obligations are less than or equal to the number of MWs of the NOIE's PTP Option. There shall be no payment for PTP Obligations with Links to an Option acquired in the DAM.

4.4.6.1 PTP Obligation Bid Criteria

(1) A PTP Obligation bid must be submitted by a QSE and must include the following:

(a) The name of the QSE submitting the PTP Obligation bid;

(b) The source Settlement Point and the sink Settlement Point for the PTP Obligation or block of PTP Obligations being bid;

(c) The first hour and the last hour for which the PTP Obligation or block of PTP Obligations is being bid;

(d) The quantity of PTP Obligations in MW for which the Not-to-Exceed Price is effective; and

(e) A dollars per MW per hour for the Not-to-Exceed Price.

(2) If the PTP Obligation bid is for more than one PTP Obligation (which is one MW for one hour), the block bid must:

(a) Include the same number of PTP Obligations in each hour of the block;

(b) Be for PTP Obligations that have the same source and sink Settlement Points; and

(c) Be for contiguous hours.

(3) A PTP Obligation bid shall not contain a source Settlement Point and a sink Settlement Point that are Electrically Similar Settlement Points.

(4) PTP Obligation bids shall not be submitted in combination with PTP Obligation bids or with DAM Energy-Only Offer Curves and DAM Energy Bids to create the net effect of a single PTP Obligation bid containing a source Settlement Point and a sink Settlement Point that are Electrically Similar Settlement Points for the QSE or for any combination of QSEs within the same Counter-Party.

(5) For each NOIE or QSE representing NOIEs that designated PTP Obligations with Links to an Option, the designation of such Congestion Revenue Rights (CRRs) to be settled in Real-Time may not exceed the lesser of:

(a) 110% of that NOIE's peak Load forecast; or

(b) 125% of the NOIE's hourly Load forecast.

(6) PTP Obligations with Links to an Option shall be used for delivery of energy to a NOIE Load or a valid combination of Settlement Points that physically or contractually mitigates risk in supplying the NOIE Load. This applies to each NOIE or QSE representing NOIEs.

(7) In addition to the criteria above for other PTP Obligations, PTP Obligations with Links to an Option must further include the following:

(a) The name of the CRR Account Holder that owns the CRRs being offered; and

(b) The unique identifier for each CRR being offered.

(8) For PTP Obligations with Links to an Option, the CRR Account Holder for whom the PTP Obligations with Links to an Option are being submitted must be shown in the ERCOT CRR registration system as the owner of the CRRs being linked to the PTP Obligation.

4.4.6.2 PTP Obligation Bid Validation

(1) A validated PTP Obligation bid is a bid that ERCOT has determined meets the criteria listed in Section 4.4.6.1, PTP Obligation Bid Criteria, with the exception of paragraphs

(3), (4), (5) and (6). Bids that do not meet the criteria in paragraph (3) of Section 4.4.6.1 will not be awarded in the DAM.

(2) ERCOT shall continuously display on the MIS Certified Area information that allows any QSE submitting a PTP Obligation bid to view its valid PTP Obligation bid.

(3) As soon as practicable, ERCOT shall notify each QSE through the Messaging System of any of its PTP Obligation bids that are invalid. The QSE may correct and resubmit any invalid PTP Obligation bid within the appropriate market timeline.

4.4.7 Ancillary Service Supplied and Traded

4.4.7.1 Self-Arranged Ancillary Service Quantities

(1) A QSE may self-arrange all or a portion thereof, but not to exceed, the Ancillary Service Obligation allocated to it by ERCOT. If a QSE elects to self-arrange Ancillary Service capacity, then ERCOT shall not pay the QSE for the Self-Arranged Ancillary Service Quantities for the portion that meets its Ancillary Service Obligation.

(2) The QSE must indicate before 1000 in the Day-Ahead the Self-Arranged Ancillary Service Quantities, by service, so ERCOT can determine how much Ancillary Service capacity, by service, needs to be obtained through the DAM.

(3) At or after 1000 in the Day-Ahead, a QSE may not change its Self-Arranged Ancillary Service Quantities unless ERCOT opens a Supplemental Ancillary Service Market (SASM).

(4) Before 1430 in the Day-Ahead, all Self-Arranged Ancillary Service Quantities must be represented by physical capacity, either by Generation Resources or Load Resources, or backed by Ancillary Service Trades.

(5) When a QSE chooses to self-arrange all or a portion of its Ancillary Service Obligations, it commits to the following conditions:

(a) The QSE may self-arrange Regulation Up Service (Reg-Up), Regulation Down Service (Reg-Down), Responsive Reserve (RRS) Service, and Non-Spinning Reserve (Non-Spin);

(b) The QSE may provide all or part of its Self-Arranged Ancillary Service Quantity from one or more Resources it represents;

(c) The QSE may provide all or a part of its Self-Arranged Ancillary Service Quantity through an Ancillary Service Trade;

(d) The additional Self-Arranged Ancillary Service Quantity specified by the QSE in response to a SASM notice by ERCOT to obtain additional Ancillary Services in

the Adjustment Period cannot be more than the additional Ancillary Service amount allocated by ERCOT to that QSE, as stated in the SASM notice, and cannot be changed once committed to ERCOT; and

(e) If a QSE does not self-arrange all of its Ancillary Service Obligation, ERCOT shall procure the remaining amount of that QSE's Ancillary Service Obligation.

(f) For self-arranged RRS Service, the QSE shall indicate the quantity of the service that is provided from:

(i) Generation Resources;

(ii) Controllable Load Resources; and

(iii) Load Resources controlled by high-set under-frequency relays.

4.4.7.1.1 Negative Self-Arranged Ancillary Service Quantities

(1) A QSE may submit a negative Self-Arranged Ancillary Service Quantity in the DAM. ERCOT shall procure all negative Self-Arranged Ancillary Service Quantities submitted by a QSE.

(2) Procurements of negative Self-Arranged Ancillary Service Quantities by ERCOT shall be settled in the same manner as Ancillary Service Obligations that are not self-arranged and according to the charges defined in Section 4.6.4.2, Charges for Ancillary Services Procurement in the DAM, and Section 6.7, Real-Time Settlement Calculations for the Ancillary Services.

(3) A QSE may not submit a negative Self-Arranged Ancillary Service Quantity in the DAM that is less than -500 MW per Ancillary Service. For negative self-arranged RRS, the QSE shall not specify Controllable Load Resources and Load Resources controlled by high-set under-frequency relays. For compliance purposes, a QSE may not submit a negative Self-Arranged Ancillary Service Quantity in the DAM that is greater in magnitude than the absolute value of the net sales of its Ancillary Service Trades per Ancillary Service.

4.4.7.2 Ancillary Service Offers

(1) By 1000 in the Day-Ahead, a QSE may submit Generation Resource-specific Ancillary Service Offers to ERCOT for the DAM and may offer the same Generation Resource capacity for any or all of the Ancillary Service products simultaneously with any Energy Offer Curves from that Generation Resource in the DAM. A QSE may also submit Ancillary Service Offers in a Supplemental Ancillary Service Market (SASM). Offers of more than one Ancillary Service product from one Generation Resource may be inclusive or exclusive of each other and of any Energy Offer Curves, as specified according to a procedure developed by ERCOT.

(2) By 1000 in the Day-Ahead, a QSE may submit Load Resource-specific Ancillary Service Offers for Regulation Service, Non-Spinning Reserve Service and Responsive Reserve Service to ERCOT and may offer the same Load Resource capacity for any or all of those Ancillary Service products simultaneously. Offers of more than one Ancillary Service product from one Load Resource may be inclusive or exclusive of each other, as specified according to a procedure developed by ERCOT.

(3) Ancillary Service Offers remain active for the offered period until:

(a) Selected by ERCOT;

(b) Automatically inactivated by the software at the offer expiration time specified by the QSE when the offer is submitted; or

(c) Withdrawn by the QSE, but a withdrawal is not effective if the deadline for submitting offers has already passed.

(4) A Load Resource that is not a Controllable Load Resource may specify whether its Ancillary Service Offer for Responsive Reserve Service may only be procured by ERCOT as a block.

4.4.7.2.1 Ancillary Service Offer Criteria

(1) Each Ancillary Service Offer must be submitted by a QSE and must include the following information:

(a) The selling QSE;

(b) The Resource represented by the QSE from which the offer would be supplied;

(c) The quantity in MW and Ancillary Service type from that Resource for this specific offer and the specific quantity in MW and Ancillary Service type of any other Ancillary Service offered from this same capacity;

(d) An Ancillary Service Offer linked to a Three-Part Supply Offer from a Resource designated to be Off-Line for the offer period in its COP may only be struck if the Three-Part Supply Offer is struck. The total capacity struck must be within limits as defined in item (4)(c)(iii) of Section 4.5.1, DAM Clearing Process;

(e) An Ancillary Service Offer linked to other Ancillary Service Offers or an Energy Offer Curve from a Resource designated to be On-Line for the offer period in its COP may only be struck if the total capacity struck is within limits as defined in item (4)(c)(iii) of Section 4.5.1;

(f) The first and last hour of the offer;

(g) A fixed quantity block, or variable quantity block indicator for the offer;

(i) If a fixed quantity block, not to exceed 150 MW, which may only be offered by a Load Resource, the single price (in $/MW) and single quantity (in MW) for all hours offered in that block; or

(ii) If a variable quantity block, which may be offered by a Generation Resource or a Load Resource, the single price (in $/MW) and single "up to" quantity (in MW) contingent on the purchase of all hours offered in that block; and

[NPRR153 & NPRR532: Replace paragraph (1)(g) above with the following upon system implementation:]

(g) A fixed quantity block, or variable quantity block indicator for the offer;

(i) If a fixed quantity block, not to exceed 150 MW, which may only be offered by a Load Resource controlled by high-set under-frequency relay providing RRS, the single price (in $/MW) and single quantity (in MW) for all hours offered in that block; or

(ii) If a variable quantity block, which may be offered by a Generation Resource or a Load Resource, the single price (in $/MW) and single "up to" quantity (in MW) contingent on the purchase of all hours offered in that block;

(iii) If a fixed quantity and time block, which may only be offered by a Generation Resource for Off-Line Non-Spin only, the single price (in $/MW) and single quantity (in MW) for all hours offered in the block and contingent on the purchase of all hours offered in that block; and

(h) The expiration time and date of the offer.

(2) A valid Ancillary Service Offer in the DAM must be received before 1000 for the effective DAM. A valid Ancillary Service Offer in an SASM must be received before the applicable deadline for that SASM.

(3) No Ancillary Service Offer price may exceed the System-Wide Offer Cap (SWCAP) (in $/MW). No Ancillary Service Offer price may be less than $0 per MW.

(4) The minimum amount per Resource for each Ancillary Service product that may be offered is one-tenth (0.1) MW.

(5) A Resource may offer more than one Ancillary Service.

(6) Offers for Load Resources may be adjusted to reflect Distribution Losses in accordance with Section 8.1.1.2, General Capacity Testing Requirements.

(7) A Load Resource that is qualified to perform as a Controllable Load Resource may not offer to provide Ancillary Services as a Controllable Load Resource and a Load Resource controlled by high-set under-frequency relay simultaneously behind a common breaker.

4.4.7.2.2 Ancillary Service Offer Validation

(1) A valid Ancillary Service Offer is one that ERCOT has determined meets the criteria listed in Section 4.4.7.2.1, Ancillary Service Offer Criteria.

(2) ERCOT shall continuously validate Ancillary Service Offers and continuously display on the MIS Certified Area information that allows any QSE named in an Ancillary Service Offer to view its confirmed Ancillary Service Offers.

(3) ERCOT shall notify the QSE submitting an Ancillary Service Offer if the offer was rejected or was considered invalid for any reason. The QSE may then resubmit the offer within the appropriate market timeline.

4.4.7.3 Ancillary Service Trades

(1) An Ancillary Service Trade is the information for a QSE-to-QSE transaction that transfers an obligation to provide Ancillary Service capacity between a buyer and a seller.

(2) An Ancillary Service Trade that is reported to ERCOT by 1430 in the Day-Ahead changes the Ancillary Service Supply Responsibility of the buyer and seller in the DRUC process. An Ancillary Service Trade that is reported to ERCOT after 1430 in the Day-Ahead changes the Ancillary Service Supply Responsibility of the buyer and seller in any applicable HRUC process, the deadline for which is after the trade is submitted.

(3) As soon as practicable, ERCOT shall notify each QSE through the Messaging System of any of its Ancillary Service Trades that are invalid Ancillary Service Trades. The QSE may correct and resubmit any invalid Ancillary Service Trade, but the reporting time of the trade is determined by when the validated Ancillary Service Trade was submitted and not when the original invalid Ancillary Service Trade was submitted.

4.4.7.3.1 Ancillary Service Trade Criteria

(1) Each Ancillary Service Trade must be reported by a QSE and must include the following information:

(a) The buying QSE;

(b) The selling QSE;

(c) The type of Ancillary Service;

(d) The quantity in MW; and

(e) The first and last hours of the trade.

(f) For Responsive Reserve Service, the QSE shall indicate the quantity of the service that is provided from:

(i) Generation Resources;

(ii) Controllable Load Resources; and

(iii) Load Resources controlled by high-set under-frequency relays.

(2) An Ancillary Service Trade must be confirmed by both the buying QSE and selling QSE to be considered valid and to be used in an ERCOT process.

4.4.7.3.2 Ancillary Service Trade Validation

(1) A valid Ancillary Service Trade is an Ancillary Service Trade that ERCOT has determined meets the criteria listed in Section 4.4.7.3.1, Ancillary Service Trade Criteria. Only one confirmed Ancillary Service Trade is allowed for the same buying and selling QSEs for each type of Ancillary Service for each hour.

(2) When an Ancillary Service Trade is reported to ERCOT, ERCOT shall notify both the buying and selling QSEs by using the Messaging System if available and the MIS Certified Area.

(3) ERCOT shall continuously validate Ancillary Service Trades and continuously display on the MIS Certified Area information that allows any QSE named in an Ancillary Service Trade to view its confirmed and unconfirmed Ancillary Service Trades. ERCOT shall also post to the MIS Certified Area any unconfirmed Ancillary Service Trades for QSEs on an hourly basis for all remaining hours of the current Operating Day and all hours of the next Operating Day.

(4) The QSE that first reports the Ancillary Service Trade to ERCOT is deemed to have confirmed the Ancillary Service Trade unless it subsequently affirmatively rejects it. The QSE that first reports an Ancillary Service Trade may reject, edit, or delete an Ancillary Service Trade that its counterpart has not confirmed. The counterpart is deemed to have confirmed the Ancillary Service Trade when it submits an identical Ancillary Service Trade. After both the buyer and seller have confirmed an Ancillary Service Trade, either party may reject it at any time, but the rejection is effective only for any ERCOT process for which the deadline for reporting Ancillary Service Trades has not yet passed.

4.4.7.4 Ancillary Service Supply Responsibility

(1) A QSE's Ancillary Service Supply Responsibility is the net amount of Ancillary Service capacity that the QSE is obligated to deliver to ERCOT, by hour and service type, from Resources represented by the QSE. The Ancillary Service Supply Responsibility is the

difference in MW, by hour and service type, between the amounts specified in items (a) and (b) defined as follows:

(a) The sum of:

(i) The QSE's Self-Arranged Ancillary Service Quantity; plus

(ii) The total (in MW) of Ancillary Service Trades for which the QSE is the seller; plus

(iii) Awards to the QSE of Ancillary Service Offers in the DAM; plus

(iv) Awards to the QSE of Ancillary Service Offers in the SASM; plus

(v) RUC-committed Ancillary Service quantities to the QSE from its Resources committed by the RUC process to provide Ancillary Service; and

(b) The sum of:

(i) The total Ancillary Service Trades for which the QSE is the buyer; plus

(ii) The total Ancillary Service identified as to the QSE's failure to provide as described in Section 6.4.8.1.3, Replacement of Ancillary Service Due to Failure to Provide; plus

(iii) The total Ancillary Service identified as QSE's undeliverable Ancillary Service, as described in Section 6.4.8.1.2, Replacement of Undeliverable Ancillary Service Due to Transmission Constraints; plus

(iv) The total Ancillary Service identified as the QSE's reconfiguration amount as described in Section 6.4.8.2, Supplemental Ancillary Services Market.

(2) A QSE may only use a RUC-committed Resource during that Resource's RUC-Committed Interval to meet the QSE's Ancillary Service Supply Responsibility if the Resource has been committed by the RUC process to provide Ancillary Service. The QSE shall only provide from the RUC-committed Resource the exact amount and type of Ancillary Service for which it was committed by RUC.

(3) By 1430 in the Day-Ahead, the QSE must notify ERCOT, in the QSE's COP, which Resources represented by the QSE will provide the Ancillary Service capacity necessary to meet the QSE's Ancillary Service Supply Responsibility, specified by Resource, hour, and service type. The DAM Ancillary Service awards are Resource-specific; the QSE must include those DAM awards in its COP, and the QSE may not change that Resource-specific DAM award information until after 1600 under the conditions set out in Section 3.9, Current Operating Plan (COP).

(4) Section 6.4.8.1.3 specifies what happens if the QSE fails on its Ancillary Service Supply Responsibility.

4.4.8 RMR Offers

ERCOT shall decide, in its sole discretion, to make a Reliability Must-Run (RMR) Unit available for commitment in DRUC or HRUC only when it has determined that the RMR Unit is likely to be needed in Real-Time for reliability reasons, taking into consideration whether Security-Constrained Economic Dispatch (SCED) will solve transmission constraints without the RMR Resource, contractual constraints on the Resource, and any other adverse effects on the RMR Unit that may occur as the result of the dispatch of the RMR Resource.

(a) If ERCOT has determined that an RMR unit will be needed in Real-Time to resolve a transmission constraint, then ERCOT shall submit Three-Part Supply Offers for the capacity required to resolve the transmission constraint to be considered in the SCED, DRUC, or HRUC.

(b) ERCOT may submit Energy Offer Curves at the SWCAP in $/MWh on behalf of RMR Units committed in the DRUC or HRUC, and subsequently available for Dispatch by SCED.

(c) RMR offers shall be treated as if they were Resource offers for purposes of posting under Section 3.2.5, Publication of Resource and Load Information.

4.4.9 Energy Offers and Bids

4.4.9.1 Three-Part Supply Offers

(1) A Three-Part Supply Offer consists of a Startup Offer, a Minimum-Energy Offer, and an Energy Offer Curve. ERCOT must validate each Startup Offer, Minimum-Energy Offer, and Energy Offer Curve before it can be used in any ERCOT process.

(2) The DAM uses all three parts of the Three-Part Supply Offer and also uses Energy Offer Curves submitted without a Startup Offer and without a Minimum-Energy Offer. The RUC only uses the Startup Offer and the Minimum-Energy Offer components for determining RUC commitments, but the Energy Offer Curve may be used in Settlement to claw back some or all of a RUC-committed Resource's energy payments. The Energy Offer Curve may also be used by SCED in Real-Time Operations.

(3) A QSE may submit an Energy Offer Curve without also submitting a Startup Offer and a Minimum-Energy Offer for the DAM and during the Adjustment Period, but only Three-Part Supply Offers are used in the RUC process. A QSE that submits an Energy Offer Curve without also submitting a Startup Offer and a Minimum-Energy Offer is considered not to be offering the Resource into the RUC, but that does not prevent the Resource from being committed in the RUC process like any other Resource that does not submit an offer in the RUC.

[NPRR515: Insert paragraphs (3)(a) – (3)(c) below upon system implementation:]

(a) A QSE that submits an Energy Offer Curve without a Startup Offer and a Minimum-Energy Offer for the DAM for any given hour will be considered by the DAM to be self-committed for that hour, as long as an Ancillary Service Offer for Off-Line Non-Spin Service was not also submitted for that hour.

(b) A Combined Cycle Generation Resource will be considered by the DAM to be self-committed if:

(i) Its QSE submits an Energy Offer Curve without a Startup Offer and a Minimum-Energy Offer for the DAM for that Combined Cycle Generation Resource and no other Combined Cycle Generation Resource within the Combined Cycle Train; and

(ii) Its QSE submits no Ancillary Service Offer for Off-Line Non-Spin for any Combined Cycle Generation Resource within the Combined Cycle Train.

(c) When the DAM considers a self-committed offer for clearing, the Resource constraints identified in paragraph (4)(c)(ii) of Section 4.5.1, DAM Clearing Process, other than HSL, are ignored.

(4) For any hours in which the Resource is not RUC-committed, ERCOT shall consider all Three-Part Supply Offers in the RUC process until:

(a) The QSE withdraws the offer; or

(b) The offer expires by its terms.

4.4.9.2 Startup Offer and Minimum-Energy Offer

The Startup Offer component represents all costs incurred by a Generation Resource in starting up and reaching its LSL, minus the average energy produced during the time period between breaker close and LSL multiplied by the heat rate proxy "H" multiplied by the appropriate Fuel Index Price (FIP) or Fuel Oil Price (FOP). The Minimum-Energy Offer component represents a proxy for the costs incurred by a Resource in producing energy at the Resource's LSL.

4.4.9.2.1 Startup Offer and Minimum-Energy Offer Criteria

(1) Each Startup Offer and Minimum-Energy Offer must be reported by a QSE and must include the following information:

(a) The selling QSE;

(b) The Resource represented by the QSE from which the offer would be supplied;

(c) The Resource's hot, intermediate, and cold Startup Offer in dollars;

(d) The Resource's Minimum-Energy Offer in dollars per MWh;

(e) The first and last hour of the Startup and Minimum-Energy Offers

(f) The expiration time and date of the offer;

(g) Percentage of the FIP to the extent that the startup and minimum energy will be supplied by gas to determine the offer cap; and

(h) Percentage of the FOP to the extent that the startup and minimum energy will be supplied by oil to determine the offer cap.

(2) Valid Startup Offers and Minimum-Energy Offers (which must be part of a Three-Part Supply Offer) must be received before 1000 for the effective DAM and DRUC.

(3) A QSE may update and submit a Three-Part Supply Offer for a Resource during the Adjustment Period for any hours in which the Resource is not RUC-committed before the offer is updated or submitted.

[NPRR207: Replace paragraph (3) above with the following upon system implementation:]

(3) A QSE may update and submit a Three-Part Supply Offer for a Resource during the Adjustment Period for any hours in which the Resource is not RUC-committed before the offer is updated or submitted. A QSE may not increase a Three-Part Supply Offer for a Resource during the Adjustment Period for any hour in which the Resource has received a RUC Notification.

(4) The Resource's Startup Offer must be equal to or less than the Resource Category Generic Startup Cost for that type of Resource listed in Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps, unless ERCOT has approved verifiable Resource-specific startup costs for that Resource, under Section 4.4.9.2.4, Verifiable Startup Offer and Minimum-Energy Offer Caps, in which case the Resource's Startup Offer must be equal to or less than those approved verifiable Resource-specific startup costs.

(5) The Resource's Minimum-Energy Offer must be equal to or less than the Resource Category Generic Minimum-Energy Cost for that type of Resource listed in Section 4.4.9.2.3 unless ERCOT has approved verifiable Resource-specific minimum-energy costs for that Resource, under Section 4.4.9.2.4 in which case the Resource's Minimum-Energy Offer must be equal to or less than those approved verifiable Resource-specific minimum-energy costs.

(6) Prior to 1000 for the effective DAM, a QSE may submit and update a Three-Part Supply Offer for a Resource for any hours which were Weekly Reliability Unit Commitment (WRUC)-instructed.

4.4.9.2.2 Startup Offer and Minimum-Energy Offer Validation

(1) A valid Startup Offer and Minimum-Energy Offer is an offer that ERCOT has determined meets the criteria listed in Section 4.4.9.2.1, Startup Offer and Minimum-Energy Offer Criteria, and that are part of a Three-Part Supply Offer for which the Energy Offer Curve has also been validated.

(2) ERCOT shall continuously display on the MIS Certified Area information that allows any QSE submitting a Startup Offer and Minimum-Energy Offer to view its valid Startup Offers and Minimum-Energy Offers.

(3) ERCOT shall notify the QSE submitting a Startup Offer and Minimum-Energy Offer (which must be part of a Three-Part Supply Offer) if the offer was rejected or was considered invalid for any reason. The QSE may then resubmit the offer within the appropriate market timeline.

(4) Where a Split Generation Resource has submitted a Startup Offer and Minimum-Energy Offer, ERCOT shall validate the offers in accordance with Section 3.8, Special Considerations for Split Generation Meters, Combined Cycle Generation Resources, Quick Start Generation Resources, and Hydro Generation Resources.

4.4.9.2.3 Startup Offer and Minimum-Energy Offer Generic Caps

(1) The Resource Category Startup Offer Generic Cap, by applicable Resource category, is determined by the following Operations and Maintenance (O&M) costs by Resource category:

Resource Category	**O&M Costs ($)**
Nuclear, coal, lignite and hydro	7,200
Combined Cycle Generation Resource with a combustion turbine ≥ 90 MW, as determined by the largest combustion turbine in the Combined Cycle Generation Resource and for each combustion turbine in the Combined Cycle Generation Resource	6,810
Combined Cycle Generation Resource with a combustion turbine < 90 MW, as determined by the largest combustion turbine in the Combined Cycle Generation Resource and for each combustion turbine in the Combined Cycle Generation Resource	6,810
Gas steam supercritical boiler	4,800
Gas steam reheat boiler	3,000
Gas steam non-reheat or boiler w/o air-preheater	2,310
Simple cycle greater than 90 MW	5,000
Simple cycle less than or equal to 90 MW	2,300
Reciprocating Engines	$58 /MW * the average of the seasonal net max sustainable ratings
RMR Resource	Not Applicable
Wind generation Resources	0

Resource Category	O&M Costs ($)
Any Resources not defined above	0

(2) The Resource Category Minimum-Energy Generic Cap is the cost per MWh of energy for a Resource to produce energy at the Resource's LSL and is as follows:

(a) Hydro = $10.00/MWh;

(b) Coal and lignite = $18.00/MWh;

(c) Combined-cycle greater than 90 MW = 8 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(d) Combined-cycle less than or equal to 90 MW = 9 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(e) Gas steam supercritical boiler = 14 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(f) Gas steam reheat boiler = 14.5 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(g) Gas steam non-reheat or boiler without air-preheater = 16.0 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(h) Simple-cycle greater than 90 MW = 15.0 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(i) Simple-cycle less than or equal to 90 MW = 14.0 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in Minimum-Energy Offer;

(j) Reciprocating engines = 16.0 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Minimum-Energy Offer;

(k) RMR Resource = RMR contract estimated fuel cost using its contract I/O curve at its LSL times FIP;

(l) Nuclear = Not Applicable;

(m) Wind generation Resources = $0; and

(n) Other Resources not defined above = $0.

(3) The FIP and FOP used to calculate the Resource Category Minimum-Energy Generic Cap shall be the FIP or FOP for the Operating Day. In the event the Resource Category Minimum-Energy Generic Cap must be calculated before the FIP or FOP is available for the particular Operating Day, the FIP and FOP for the most recent preceding Operating Day shall be used. Once the FIP and FOP are available for a particular Operating Day, those values shall be used in the calculations. If the percentage fuel mix is not specified

for Resource categories having the option to specify the fuel mix, then the minimum of FIP or FOP shall be used.

(4) Items (2)(c) and (2)(d) above are determined by capacity of largest simple-cycle combustion turbine in the train.

4.4.9.2.4 Verifiable Startup Offer and Minimum-Energy Offer Caps

Once verifiable Resource-specific startup costs and minimum-energy costs are established and approved by ERCOT in accordance with Section 5.6.1, Verifiable Costs, then they are used in place of generic costs as described in Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps. A QSE may file verifiable unit-specific costs for a Resource at any time, but it is not required to file those costs only because of a DAM commitment. The most recent approved verifiable costs on file must be used going forward.

4.4.9.3 Energy Offer Curve

(1) The Energy Offer Curve represents the QSE's willingness to sell energy at or above a certain price and at a certain quantity in the DAM or its willingness to be dispatched by SCED in Real-Time Operations.

(2) A QSE may submit Resource-specific Energy Offer Curves to ERCOT. Such Energy Offer Curves will be bounded in the DAM for each Operating Hour by the LSL and HSL of the Generation Resource specified in the COP, and bounded in SCED by the LSL and HSL of the Generation Resource as shown by telemetry.

(3) Energy Offer Curves remain active for the offered period until either:

(a) Selected by ERCOT; or

(b) Automatically inactivated by the software at the offer expiration time selected by the QSE.

(4) For any Operating Hour, the QSE for a Resource may submit or change Energy Offer Curves in the Adjustment Period and a QSE may withdraw an Energy Offer Curve if:

(a) An Output Schedule is submitted for all intervals for which an Energy Offer Curve is withdrawn; or

(b) The Resource is forced Off-Line and notifies ERCOT of the Forced Outage by changing the Resource Status appropriately and updating its COP.

(5) For any Operating Hour that is a RUC-Committed Interval or a DAM-Committed Interval for a Resource, a QSE for that Resource may not change a Startup Offer or Minimum-Energy Offer.

(6) If a valid Energy Offer Curve or an Output Schedule does not exist for a Resource that has a status of On-Line at the end of the Adjustment Period, then ERCOT shall notify the QSE and set the Output Schedule equal to the then current telemetered output of the Resource until an Output Schedule or Energy Offer Curve is submitted in a subsequent Adjustment Period.

4.4.9.3.1 Energy Offer Curve Criteria

(1) Each Energy Offer Curve must be reported by a QSE and must include the following information:

(a) The selling QSE;

(b) The Resource represented by the QSE from which the offer would be supplied;

(c) A monotonically increasing offer curve for both price (in $/MWh) and quantity (in MW) with no more than ten price/quantity pairs;

(d) The first and last hour of the Offer;

(e) The expiration time and date of the offer;

(f) List of Ancillary Service Offers from the same Resource;

(g) Inclusive or exclusive designation relative to other DAM offers; and

(h) Percentage of FIP and percentage of FOP for generation above LSL subject to the sum of the percentages not exceeding 100%.

(2) An Energy Offer Curve must be within the range of -$250.00 per MWh and the SWCAP in dollars per MWh. The software systems must be able to provide ERCOT with the ability to enter Resource-specific Energy Offer Curve floors and caps.

(3) The minimum amount per Resource for each Energy Offer Curve that may be offered is one MW.

4.4.9.3.2 Energy Offer Curve Validation

(1) A valid Energy Offer Curve is an offer curve that ERCOT has determined meets the criteria listed in Section 4.4.9.3.1, Energy Offer Curve Criteria, and the Energy Offer Curve that is part of a Three-Part Supply Offer for which the Startup Offer and Minimum-Energy Offer has also been validated.

(2) ERCOT shall notify the QSE submitting an Energy Offer Curve by the Messaging System if the offer was rejected or was considered invalid for any reason. The QSE may then resubmit the offer within the appropriate market timeline.

(3) ERCOT shall continuously validate Energy Offer Curves and continuously display on the MIS Certified Area information that allows any QSE to view its valid Energy Offer Curves.

4.4.9.3.3 Energy Offer Curve Caps for Make-Whole Calculation Purposes

(1) The following Energy Offer Curve Caps must be used for the purpose of make-whole Settlements:

(a) Nuclear = $15.00/MWh;

(b) Coal and Lignite = $18.00/MWh;

(c) Combined Cycle greater than 90 MW = 9 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(d) Combined Cycle less than or equal to 90 MW = 10 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(e) Gas - Steam Supercritical Boiler = 10.5 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(f) Gas Steam Reheat Boiler = 11.5 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(g) Gas Steam Non-reheat or boiler without air-preheater = 14.5 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(h) Simple Cycle greater than 90 MW = 14 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(i) Simple Cycle less than or equal to 90 MW = 15 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(j) Reciprocating Engines = 16 MMBtu/MWh * ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve;

(k) Hydro = $10.00/MWh;

(l) Other Renewable = $0/MWh; and

(m) RMR Resource = RMR contract price Energy Offer Curve.

(2) Items in paragraphs (1)(c) and (d) above are determined by capacity of largest simple-cycle combustion turbine in the train selected.

(3) The FIP and FOP used to calculate the Energy Offer Curve Cap for Make-Whole Payment calculation purposes shall be the FIP or FOP for the Operating Day. In the event the Energy Offer Curve Cap for Make-Whole Payment calculation purposes must be calculated before the FIP or FOP is available for the particular Operating Day, the FIP and FOP for the most recent preceding Operating Day shall be used. Once the FIP and FOP are available for a particular Operating Day, those values shall be used in the calculations. If the percentage fuel mix is not specified or if no Energy Offer Curve exists, then the minimum of FIP or FOP shall be used.

4.4.9.4 Mitigated Offer Cap and Mitigated Offer Floor

4.4.9.4.1 Mitigated Offer Cap

Energy Offer Curves may be subject to mitigation in Real-Time operations under Section 6.5.7.3, Security Constrained Economic Dispatch, using a Mitigated Offer Cap. The "Mitigated Offer Cap" is:

(a) For a Resource contracted by ERCOT under paragraph (2) of Section 6.5.1.1, ERCOT Control Area Authority, ERCOT shall increase the O&M cost such that every point on the Mitigated Offer Cap curve (cap vs. output level) is greater than the SWCAP in $/MWh.

(b) For a Generation Resource that commences commercial operation after January 1, 2004, ERCOT shall construct an incremental Mitigated Offer Cap curve (Section 6.5.7.3) such that each point on the Mitigated Offer Cap curve (cap vs. output level) is the greater of:

(i) 14.5 MMBtu/MWh times the FIP; or

(ii) The Resource's verifiable incremental heat rate (MMBtu/MWh) plus consideration of a fuel adder that compensates for the transportation and purchasing of spot fuel as described in the Verifiable Cost Manual for the output level multiplied by ((Percentage of FIP * FIP) + (Percentage of FOP * FOP))/100, as specified in the Energy Offer Curve, plus verifiable variable O&M cost ($/MWh) times a multiplier described in paragraph (e) below.

(c) For all other Generation Resources, each point on the Mitigated Offer Cap curve (cap vs. output level) is the greater of:

(i) 10.5 MMBtu/MWh times the FIP; or

(ii) The Resource's verifiable incremental heat rate (MMBtu/MWh) plus consideration of a fuel adder that compensates for the transportation and purchasing of spot fuel as described in the Verifiable Cost Manual for the output level multiplied by ((Percentage of FIP * FIP) + (Percentage of

FOP * FOP))/100, as specified in the Energy Offer Curve, plus verifiable variable O&M cost ($/MWh) times a multiplier described in paragraph (e) below.

(d) Notwithstanding paragraphs (b)(ii) and (c)(ii) above, the Mitigated Offer Cap verifiable variable O&M cost ($/MWh) for Quick Start Generation Resources (QSGRs) shall incorporate the generic or verifiable O&M cost to start the Resource from first fire to LSL including the startup fuel, plus a minimum energy component to account for LSL commitment costs, and consideration of a fuel adder that compensates for the transportation and purchasing of spot fuel as described in the Verifiable Cost Manual.

(e) The multipliers for paragraphs (b)(ii) and (c)(ii) above are as follows:

(i) 1.10 for Resources running at a ≥ 50% capacity factor for the previous 12 months;

(ii) 1.15 for Resources running at a ≥ 30 and < 50% capacity factor for the previous 12 months;

(iii) 1.20 for Resources running at a ≥ 20 and < 30% capacity factor for the previous 12 months;

(iv) 1.25 for Resources running at a ≥ 10 and < 20% capacity factor for the previous 12 months;

(v) 1.30 for Resources running at a ≥ 5 and < 10% capacity factor for the previous 12 months;

(vi) 1.40 for Resources running at a ≥ 1 and < 5% capacity factor for the previous 12 months; and

(vii) 1.50 for Resources running at a less than 1% capacity factor for the previous 12 months.

(f) The previous 12 months' capacity factor must be updated by ERCOT by the 20th day of each month using the most recent data for use in the next month. ERCOT shall post to the MIS Secure Area the capacity factor for each Resource before the start of the effective month.

(g) The process for developing the Mitigated Offer Cap in paragraphs (a), (b), (c), and (d) above must be described by ERCOT in a procedure approved by the appropriate Technical Advisory Committee (TAC) subcommittee, and posted to the MIS Secure Area within one Business Day after initial approval, and after each approved change.

4.4.9.4.2 Mitigated Offer Floor

Energy Offer Curves may be subject to mitigation in the Real-Time market under Section 6.5.7.3, Security Constrained Economic Dispatch, using a Mitigated Offer Floor. The "Mitigated Offer Floor" is:

Resource Category	Mitigated Offer Floor
Nuclear and Hydro	-$250/MWh
Coal and Lignite	-$20/MWh
Combined Cycle	1 MMBtu/MWh * FIP
Gas/Oil Steam and Combustion Turbine	6 MMBtu/MWh * FIP or FOP, as specified in the Energy Offer Curve
Qualifying Facility (QF)	-$ 50/MWh
Wind	-$100/MWh
Other Renewables	-$ 50/MWh

4.4.9.5 DAM Energy-Only Offer Curves

(1) A QSE must submit any DAM Energy-Only Offer Curves by 1000 for the effective DAM.

(2) The DAM Energy-Only Offer Curve represents the QSE's willingness to sell energy at or above a certain price and at a certain quantity at a specific Settlement Point in the DAM. A DAM Energy-Only Offer Curve may be offered only in the DAM.

(3) DAM Energy-Only Offer Curves are not Resource-specific.

4.4.9.5.1 DAM Energy-Only Offer Curve Criteria

(1) Each DAM Energy-Only Offer Curve must be reported by a QSE and must include the following information:

(a) The selling QSE;

(b) The Settlement Point;

(c) The fixed quantity block, variable quantity block, or curve indicator for the offer;

(i) If a fixed quantity block, the single price (in $/MWh) and single quantity (in MW) for all hours offered in that block;

(ii) If a variable quantity block, the single price (in $/MWh) and single "up to" quantity (in MW) contingent on the purchase of all hours offered in that block; and

(iii) If a curve, a monotonically increasing energy offer curve for both price (in $/MWh) and quantity (in MW) with no more than ten price/quantity pairs;

(d) The first and last hour of the offer; and

(e) The expiration time and date of the offer.

(2) A DAM Energy-Only Offer Curve must be within the range of -$250.00 per MWh and the SWCAP in dollars per MWh.

(3) The minimum amount for each DAM Energy-Only Offer Curve that may be offered is one MW.

(4) DAM Energy-Only Offers, DAM Energy Bids, and/or PTP Obligation bids shall not be submitted in combination to create the net effect of a single PTP Obligation containing a source Settlement Point and a sink Settlement Point that are Electrically Similar Settlement Points for the QSE or for any combination of QSEs within the same Counter-Party.

4.4.9.5.2 DAM Energy-Only Offer Validation

(1) A valid DAM Energy-Only Offer Curve is an offer that ERCOT has determined meets the criteria listed in Section 4.4.9.5.1, DAM Energy-Only Offer Curve Criteria.

(2) ERCOT shall notify the QSE submitting a DAM Energy-Only Offer Curve by the Messaging System if the offer was rejected or was considered invalid for any reason, with the exception of paragraph (4) of Section 4.4.9.5.1. The QSE may then resubmit the offer within the appropriate market timeline.

(3) ERCOT shall continuously validate DAM Energy-Only Offers and continuously display on the MIS Certified Area information that allows any QSE to view its valid DAM Energy-Only Offers.

4.4.9.6 DAM Energy Bids

(1) A QSE must submit any DAM Energy Bids by 1000 for the effective DAM.

(2) A DAM Energy Bid represents the QSE's willingness to buy energy at or below a certain price and at a certain quantity at a specific Settlement Point in the DAM. A DAM Energy Bid may be made only in the DAM.

4.4.9.6.1 DAM Energy Bid Criteria

(1) Each DAM Energy Bid must be reported by a QSE and must include the following information:

(a) The buying QSE;

(b) The Settlement Point;

(c) Fixed quantity block, variable quantity block, or curve indicator for the bid;

(i) If a fixed quantity block, the single price (in $/MWh) and single quantity (in MW) for all hours bid in that block;

(ii) If a variable quantity block, the single price (in $/MWh) and single "up to" quantity (in MW) contingent on the purchase of all hours bid in that block; and

(iii) If a curve, a monotonically decreasing energy bid curve for both price (in $/MWh) and quantity (in MW) with no more than 10 price/quantity pairs.

(d) The first and last hour of the bid; and

(e) The expiration time and date of the bid.

(2) The minimum amount for each DAM Energy Bid that may be bid is one MW.

(3) DAM Energy-Only Offers, DAM Energy Bids, and/or PTP Obligation bids shall not be submitted in combination to create the net effect of a single PTP Obligation containing a source Settlement Point and a sink Settlement Point that are Electrically Similar Settlement Points for the QSE or for any combination of QSEs within the same Counter-Party.

4.4.9.6.2 DAM Energy Bid Validation

(1) A valid DAM Energy Bid is a bid that ERCOT has determined meets the criteria listed in Section 4.4.9.6.1, DAM Energy Bid Criteria.

(2) ERCOT shall notify the QSE submitting a DAM Energy Bid by the Messaging System if the bid was rejected or was considered invalid for any reason, with the exception of paragraph (3) of Section 4.4.9.6.1. The QSE may then resubmit the bid within the appropriate market timeline.

(3) ERCOT shall continuously validate DAM Energy Bids and continuously display on the MIS Certified Area information that allows any QSE to view its valid DAM Energy Bids.

4.4.10 Credit Requirement for DAM Bids and Offers

(1) Each QSE's ability to bid and offer in the DAM is subject to credit exposure from the QSE's bids and offers being within the credit limit for DAM participation established for the entire Counter-Party of which the QSE is part, as specified in item (1) of Section 16.11.4.6.2, Credit Requirements for DAM Participation, and taking into account the credit exposure of accepted DAM bid and offers of the Counter-Party's other QSEs.

(2) DAM bids and offers of all QSEs of the Counter-Party are accepted in the order submitted while ensuring that the credit exposure from accepted bids and offers do not exceed the Counter-Party's credit limit for DAM participation.

(3) ERCOT shall reject the QSE's individual bids and offers whose credit exposure, as calculated in item (6) below, exceeds the Counter-Party's credit limit for DAM participation as described in items (1) and (2) above, and shall notify the QSE through the MIS Certified Area as soon as practicable.

(4) The QSE may revise and resubmit such rejected bids and offers described in item (3) above, provided that the resubmitted bids and offers are valid and within the Counter-Party's credit limit for DAM participation adjusted for all accepted DAM bids and offers of the Counter-Party's QSE's limit and that such resubmission occurs prior to 1000 of the Operating Day.

(5) The DAM shall use the Counter-Party's credit limit for DAM participation provided and adjusted for accepted bids and offers for DAM transactions cleared, until a new credit limit for DAM participation is available.

(6) ERCOT shall calculate credit exposure for bids and offers in the DAM as follows:

(a) For a DAM Energy Bid, the credit exposure shall be calculated as the quantity of the bid multiplied by a bid exposure price that is calculated as follows:

(i) If the price of the DAM Energy Bid is less than or equal to zero, the bid exposure price for that quantity will equal zero.

(ii) If the price of the DAM Energy Bid is greater than zero, the bid exposure price for that quantity will equal the greater of zero or the sum of (A) and (B):

(A) The lesser of:

(1) The "d"th percentile of the Day-Ahead Settlement Point Price (DASPP) for the hour over the previous 30 days; and

(2) The bid price.

(B) "e1" multiplied by (bid price minus (A)) when the bid price is greater than (A).

(iii) For DAM Energy Bids of curve quantity type, the credit exposure shall be the credit exposure, as calculated above, at the price and MW quantity of the bid curve that produces the maximum credit exposure for the DAM Energy Bid. A QSE is expected to submit any DAM Energy Bids of curve quantity type in such a way as to not negatively impact market timeline and system performance of the DAM. If an Entity negatively impacts ERCOT system performance or market timelines through its submission behavior more than once in a six month period, ERCOT may, in its sole discretion, make a QSE ineligible to receive the credit exposure calculated in this paragraph for submissions after 0700 and may use the calculations in paragraphs (6)(a)(i) and (6)(a)(ii) above instead until ERCOT is assured, in its sole discretion, that the QSE will adjust its submission behavior accordingly. The QSE will be notified one Operating Day prior to ERCOT changing the QSE eligibility.

(b) For each MW portion of a DAM Energy-Only Offer:

(i) That has an offer price that is less than or equal to the "a"th percentile of the DASPP for the hour over the previous 30 days, the sum of (A) and (B) shall apply.

(A) Credit exposure will be:

(1) Reduced (when the "b"th percentile Settlement Point Price for the hour is positive). The reduction shall be the quantity of the offer multiplied by the "b"th percentile of the DASPP for the hour over the previous 30 days multiplied by "e2"; or

(2) Increased (when the "b"th percentile Settlement Point Price for the hour is negative). The increase shall be the quantity of the offer multiplied by the "b"th percentile of the DASPP for the hour over the previous 30 days.

(B) Credit exposure will be increased by the product of the quantity of the offer multiplied by the 90th percentile of any positive hourly difference of Real-Time Settlement Point Price and DASPP over the previous 30 days for the hour multiplied by "e3."

(ii) That has an offer price that is greater than the "a"th percentile of the DASPP for the hour over the previous 30 days, credit exposure will be increased by the product of the quantity of the offer multiplied by the 90th percentile of any positive hourly difference of Real-Time Settlement Point Price and DASPP over the previous 30 days for the hour multiplied by "e3."

(iii) ERCOT may, in its sole discretion, use a percentile other than the 90th percentile of any positive hourly difference of Real-Time Settlement Point

Price and DASPP over the previous 30 days of the hour in determining credit exposure per this paragraph (6)(b) in evaluating DAM Energy-Only Offers.

(c) For each MW portion of the Energy Offer Curve of a Three-Part Supply Offer:

(i) That has an offer price that is less than or equal to the "y"th percentile of the DASPP for the hour over the previous 30 days, credit exposure will be reduced (when the "z"th percentile Settlement Point Price is positive) or increased (when the "z"th percentile Settlement Point Price is negative) by the quantity of the offer multiplied by the "z"th percentile of the DASPP for the hour over the previous 30 days.

(ii) That has an offer price that is greater than the "y"th percentile of the DASPP for the hour over the previous 30 days, the credit exposure will be zero.

(iii) For a Combined Cycle Generation Resource with Three-Part Supply Offers for multiple generator configurations, the reduction in credit exposure will be the maximum credit exposure reduction created by the individual Three-Part Supply Offers' Offer Curves (when the "z"th percentile Settlement Point Price is positive). If the Three-Part Supply Offer causes a credit increase (when the "z"th percentile Settlement Point Price is negative), the increase in credit exposure will be the maximum credit exposure increase created by the individual Three-Part Supply Offers.

(d) For PTP Obligation Bids:

(i) That have a bid price greater than zero, the sum of the quantity of the bid multiplied by the bid price, plus the "u"th percentile of the hourly positive price difference between the source Real-Time Settlement Point Price minus the sink Real-Time Settlement Point Price over the previous 30 days multiplied by the quantity of the bid.

(ii) That have a bid price less than or equal to zero, the "u"th percentile of the hourly positive price difference between the source Real-Time Settlement Point Price minus the sink Real-Time Settlement Point Price over the previous 30 days multiplied by the quantity of the bid.

(iii) Each tenth of a MW quantity (0.1 MW) of an expiring CRR for a Counter-Party can provide credit reduction for only one-tenth of a MW (0.1 MW) of a PTP Obligation bid for that Counter-Party.

(A) The QSE must submit the PTP Obligation bid at the same source and sink pair for the same hour, for the same operating date where the QSE submitting the PTP Obligation bid is represented by the same Counter-Party as the CRR Account Holder that is the owner

of record for an expiring CRR, or group of CRRs. To reduce both market timeline and system performance impact, the QSE is expected to submit these PTP Obligation bids by 0630 of the Day-Ahead. If an Entity negatively impacts ERCOT system performance or market timelines through its submission behavior more than once in a six month period, ERCOT may, in its sole discretion disclose the names of entities negatively impacting performance and/or make a QSE ineligible to receive CRR credit exposure offsetting for submissions after 0700 until ERCOT is assured, in its sole discretion, that a QSE will adjust its submission behavior accordingly. The QSE will be notified one Operating Day prior to ERCOT changing the QSE eligibility.

(B) A portion or all of the PTP Obligation bid quantity must be less than or equal to the total of the quantity of all expiring CRRs at the specified source and sink pair and delivery period, less all valid previously submitted PTP Obligation bids at the specified source and sink pair and delivery period.

(iv) For qualified PTP Obligation bids, ERCOT shall reduce the credit exposure in paragraph (6)(d)(i) above, by the product of the bid price, if positive, and the quantity of the bid less than or equal to the quantity of the total of all expiring CRRs at the specified source and sink pair and delivery period, less all valid previously submitted PTP Obligation bids at the specified source and sink pair and delivery period multiplied by a factor initially set at 80% and to be reviewed by TAC and approved by the ERCOT Board at least annually. The factor can be adjusted up or down at ERCOT's sole discretion with at least two Bank Business Day's notice. ERCOT may adjust this factor up with less notice, if needed. The expiring CRR may be PTP Options and/or PTP Obligations. If a QSE later cancels the PTP Obligation bid then the amount of exposure credited back to the Counter-Party will be treated as though this PTP Obligation bid was previously offset by expiring CRRs if a matching CRR source and sink pair exists up to the maximum expiring CRR quantity. If a QSE updates the PTP Obligation bid then it will be treated as a cancel followed by a new submission for purposes of credit exposure calculation. Outcome of this calculation is dependent of the sequence of submittals for updates and cancels.

(e) For PTP Obligation bids with Links to an Option:

(i) That have a bid price greater than zero, the sum of the quantity of the bid multiplied by the bid price, multiplied by one minus the reduction factor in paragraph (6)(d)(iv) above.

(ii) That have a bid price less than or equal to zero, zero.

(f) For Ancillary Service Obligations not self-arranged, the product of the quantity of Ancillary Service Obligation not self-arranged multiplied by the "t"th percentile of the hourly Market Clearing Price for Capacity (MCPC) for that Ancillary Service over the previous 30 days for that hour. For negative Self-Arranged Ancillary Service Quantities, the absolute value of the product of the quantity of the negative Self-Arranged Ancillary Service Quantity times the "t"th percentile of the hourly MCPC for that Ancillary Service over the previous 30 days for that hour.

(g) Variables "e1," "e2," or "e3", which are applicable to items (a) through (c) above, under conditions described below, will be determined and applied at ERCOT's sole discretion. Within the application parameters identified below, ERCOT shall establish values for "e1," "e2," and "e3" and provide notice to an affected Counter-Party of any changes to "e1," "e2," or "e3" before 0900 generally two Bank Business Days prior to the normally scheduled DAM 1000 by a minimum of two of these methods: written, electronic, posting to the MIS Certified Area or telephonic. However, ERCOT may adjust any "e" factor immediately if, in its sole discretion, ERCOT determines that the "e" factor(s) set for a Counter-Party do not adequately match the financial risk created by that Counter-Party's activities in the market. ERCOT shall review the values for "e1," "e2," or "e3" for each Counter-Party no less than once every two weeks. ERCOT shall provide written or electronic notice to the Counter-Party of the basis for ERCOT's assessment, or change of assessment, of the exposure adjustment variable established for the Counter-Party and the impact of the adjustment.

(i) The value of each exposure adjustment "e1," "e2," and "e3" is a value between zero and one, rounded to the nearest hundredth decimal place, set by ERCOT by Counter-Party. The values ERCOT establishes for "e1," "e2," and "e3" for a Counter-Party shall be applied equally to the portfolio of all QSEs represented by such Counter-Party.

(ii) A TAC-recommended and ERCOT Board-approved procedure ("Procedures for Setting Nodal Day-Ahead Market Credit Requirement Parameters"), which will be reviewed at least annually and posted on the MIS Public Area, will be used to define and modify the values of "e1," "e2," and "e3."

(7) The variables to define the pre-DAM credit validation process referenced in item (6) above (including the standard setting for the "e1," "e2," and "e3," if any) shall be posted on the MIS Public Area. TAC shall review these variables at least annually and may recommend to the ERCOT Board, changes to these values. If changes to these values are approved by the ERCOT Board, such revised values shall be posted on the MIS Public Area within three Business Days of ERCOT Board approval.

(8) Beginning no later than 0800 and ending at 0945 each Business Day, ERCOT shall post to the MIS Certified Area, approximately every 15 minutes, each active Counter-Party's

remaining Available Credit Limit (ACL) for that day's DAM and the time at which the report was run.

(9) After the DAM results are posted, ERCOT shall post once each Business Day on the MIS Certified Area each active Counter-Party's calculated aggregate DAM credit exposure and its aggregate DAM credit exposure per transaction type, to the extent available, as it pertains to the most recent DAM Operating Day. The transaction types are:

(a) DAM Energy Bids;

(b) DAM Energy Only Offers;

(c) PTP Obligation Bids;

(d) Three-Part Supply Offers; and

(e) Ancillary Services.

4.4.11 System-Wide Offer Caps

(1) The SWCAP shall be determined in accordance with the Public Utility Commission of Texas (PUCT) Substantive Rules. The System-Wide Offer Cap and Scarcity Pricing Mechanism Methodology, posted on the ERCOT website, shall describe the methodology for determining the SWCAP.

(2) Any offers that exceed the current SWCAP shall be rejected by ERCOT.

4.4.11.1 Scarcity Pricing Mechanism

(1) ERCOT shall operate the scarcity pricing mechanism in accordance with the PUCT Substantive Rules. The System-Wide Offer Cap and Scarcity Pricing Mechanism Methodology, posted on the ERCOT website, shall describe the methodology for determining the scarcity pricing mechanism.

(2) By the end of the next Business Day following the applicable Operating Day, ERCOT shall post the updated value of the Peaker Net Margin (PNM) and the current SWCAP on the MIS Public Area.

4.5 DAM Execution and Results

4.5.1 DAM Clearing Process

(1) At 1000 in the Day-Ahead, ERCOT shall start the Day-Ahead Market (DAM) clearing process. If the processing of DAM bids and offers after 0900 is significantly delayed or impacted by a failure of ERCOT software or systems that directly impacts the DAM,

ERCOT shall post a Notice as soon as practicable on the Market Information System (MIS) Public Area, in accordance with paragraph (1) of Section 4.1.2, Day-Ahead Process and Timing Deviations, extending the start time of the execution of the DAM clearing process by an amount of time at least as long as the duration of the processing delay plus ten minutes. In no event shall the extension exceed more than one hour from when the processing delay is resolved.

(2) ERCOT shall complete a Day-Ahead Simultaneous Feasibility Test (SFT). This test uses the Day-Ahead Updated Network Model topology and evaluates all Congestion Revenue Rights (CRRs) for feasibility to determine hourly oversold quantities.

(3) The purpose of the DAM is to economically and simultaneously clear offers and bids described in Section 4.4, Inputs into DAM and Other Trades.

(4) The DAM uses a multi-hour mixed integer programming algorithm to maximize bid-based revenues minus the offer-based costs over the Operating Day, subject to security and other constraints, and ERCOT Ancillary Service procurement requirements.

(a) The bid-based revenues include revenues from DAM Energy Bids and Point-to-Point (PTP) Obligation bids.

(b) The offer-based costs include costs from the Startup Offer, Minimum Energy Offer, and Energy Offer Curve of any Resource that submitted a Three-Part Supply Offer, DAM Energy-Only Offers and Ancillary Service Offers.

(c) Security constraints specified to prevent DAM solutions that would overload the elements of the ERCOT Transmission Grid include the following:

(i) Transmission constraints – transfer limits on energy flows through the ERCOT Transmission Grid, e.g., thermal or stability limits. These limits must be satisfied by the intact network and for certain specified contingencies.

These constraints may represent:

(A) Thermal constraints – protect Transmission Facilities against thermal overload.

(B) Generic constraints – protect the ERCOT Transmission Grid against transient instability, dynamic stability or voltage collapse.

(C) Power flow constraints – the energy balance at required Electrical Buses in the ERCOT Transmission Grid must be maintained.

(ii) Resource constraints – the physical and security limits on Resources that submit Three-Part Supply Offers:

(A) Resource output constraints – the Low Sustained Limit (LSL) and High Sustained Limit (HSL) of each Resource; and

(B) Resource operational constraints – includes minimum run time, minimum down time, and configuration constraints.

(iii) Other constraints –

(A) Linked offers – the DAM may not select any one part of that Resource capacity to provide more than one Ancillary Service or to provide both energy and an Ancillary Service in the same Operating Hour. The DAM may, however, select part of that Resource capacity to provide one Ancillary Service and another part of that capacity to provide a different Ancillary Service or energy in the same Operating Hour, provided that a Generation Resource may not offer, and the DAM may not select, linked Energy and Off-Line Non-Spinning Reserve (Non-Spin) Ancillary Service offers in the same Operating Hour.

(B) The sum of the awarded Ancillary Service capacities for each Resource must be within the Resource limits specified in the Current Operating Plan (COP) and Section 3.18, Resource Limits in Providing Ancillary Service, and the Resource parameters as described in Section 3.7, Resource Parameters.

(C) Block Ancillary Service Offers for a Load Resource – blocks will not be cleared unless the entire quantity block can be awarded.

(D) Block PTP Obligation bids – blocks will not be cleared unless the entire time block can be awarded.

(E) Combined Cycle Generation Resources – The DAM may commit a Combined Cycle Generation Resource in a time period that includes the last hour of the Operating Day only if that Combined Cycle Generation Resource can transition to a shutdown condition in the DAM Operating Day.

(d) Ancillary Service needs for each Ancillary Service include the needs specified in the Ancillary Service Plan that are not part of the Self-Arranged Ancillary Service Quantity and that must be met from available DAM Ancillary Service Offers while co-optimizing with DAM Energy Offers. ERCOT may not buy more of one Ancillary Service in place of the quantity of a different service. See Section 4.5.2, Ancillary Service Insufficiency, for what happens if insufficient Ancillary Service Offers are received in the DAM.

(5) ERCOT shall determine the appropriate Load distributions to allocate offers, bids, and source and sink of CRRs at a Load Zone across the Electrical Buses that are modeled with Load in that Load Zone. The default distribution is the State Estimator hourly

distribution for the seven days before the Operating Day. If ERCOT decides, in its sole discretion, to change this distribution for reasons such as anticipated weather events or holidays, ERCOT shall select a State Estimator distribution from a proxy day reasonably reflecting the anticipated distribution in the Operating Day. ERCOT may also modify this distribution to account for predicted differences in network topology between the proxy day and Operating Day. ERCOT shall develop a methodology, subject to Technical Advisory Committee (TAC) approval, to describe the modification of the proxy day bus-load distribution for this purpose.

(6) ERCOT shall allocate offers, bids, and source and sink of CRRs at a Hub using the distribution factors specified in the definition of that Hub in Section 3.5.2, Hub Definitions.

(7) A Resource that has a Three-Part Supply Offer cleared in the DAM may be eligible for Make-Whole Payment of the Startup Offer and Minimum Energy Offer submitted by the Qualified Scheduling Entity (QSE) representing the Resource under Section 4.6, DAM Settlement.

(8) The DAM Settlement is based on hourly MW awards and on Day-Ahead hourly Settlement Point Prices. All PTP Options settled in the DAM are settled based on the Day-Ahead Settlement Point Prices (DASPPs). ERCOT shall assign a Locational Marginal Price (LMP) to de-energized Electrical Buses for use in the calculation of the DASPPs by using heuristic rules applied in the following order:

(a) Use an appropriate LMP predetermined by ERCOT as applicable to a specific Electrical Bus; or if not so specified

(b) Use the following rules in order:

(i) Use average LMP for Electrical Buses within the same station having the same voltage level as the de-energized Electrical Bus, if any exist.

(ii) Use average LMP for all Electrical Buses within the same station, if any exist.

(iii) Use system lambda.

[NPRR492: Replace item (iii) above with the following upon system implementation:]

(iii) Use System Lambda.

(9) The Day-Ahead Market Clearing Price for Capacity (MCPC) for each hour for each Ancillary Service is the Shadow Price for that Ancillary Service for the hour as determined by the DAM algorithm.

(10) If the Day-Ahead MCPC cannot be calculated by ERCOT, the Day-Ahead MCPC for the particular Ancillary Service is equal to the Day-Ahead MCPC for that Ancillary Service in the same Settlement Interval of the preceding Operating Day.

(11) If the DASPPs cannot be calculated by ERCOT, all CRRs shall be settled based on Real-Time prices. Settlements for all CRRs shall be reflected on the Real-Time Settlement Statement.

4.5.2 Ancillary Service Insufficiency

(1) ERCOT shall determine if there is an insufficiency in Ancillary Service Offers before executing the DAM. If ERCOT receives insufficient Ancillary Service Offers in the DAM to procure one or more required Ancillary Service such that the Ancillary Service Plan is deficient and system security and reliability is threatened:

(a) ERCOT shall declare an Ancillary Service insufficiency and issue a Watch under Section 6.5.9.3.3, Watch.

(b) ERCOT shall request additional Ancillary Service Offers.

(i) A QSE may resubmit an offer for an Ancillary Service that it submitted before the Watch for the same Ancillary Service, but the resubmitted offer must meet the following criteria to be considered a valid offer:

(A) The offer quantity may not be less than the offer quantity submitted before the Watch, unless the portion of the offer not resubmitted was priced higher than the portion of the offer that is being resubmitted; and

(B) For the amount of the offer quantity that is not more than the offer quantity submitted before the Watch, the offer must be priced equal to or less than the price of the offer submitted before the Watch.

(ii) For any amount of the offer that is greater in quantity than the QSE's offer that was not submitted before the Watch, the incremental amount of the offer may be submitted at a price subject to the offer cap.

(c) ERCOT shall not begin executing the DAM sooner than 30 minutes after issuing the Watch. If the additional Ancillary Service Offers are still insufficient to supply the Ancillary Service required in the Day-Ahead Ancillary Service Plan then ERCOT shall run the DAM by reducing the Ancillary Service Plan quantities only for purposes of the DAM by the amount of insufficiency.

(d) When ERCOT must reduce the Ancillary Service Plan for purposes of the DAM due to insufficient Ancillary Service Offers, ERCOT shall preserve the Ancillary Service Plan in the DAM in the following order of priority:

(i) Regulation Up (Reg-Up);

(ii) Regulation Down (Reg-Down);

(iii) Responsive Reserve (RRS); and

(iv) Non-Spinning Reserve (Non-Spin).

(2) ERCOT shall procure the difference in capacity between the Day-Ahead Ancillary Service Plan and the DAM-reduced Ancillary Service Plan amounts using the Day-Ahead Reliability Unit Commitment (DRUC) from Resources that are qualified to provide the needed Ancillary Service.

4.5.3 Communicating DAM Results

(1) As soon as practicable, but no later than 1330 in the Day-Ahead, ERCOT shall notify the parties to each cleared DAM transaction (e.g., the buyer and the seller) of the results of the DAM as follows:

(a) Awarded Ancillary Service Offers, specifying Resource, MW, Ancillary Service type, and price, for each hour of the awarded offer;

(b) Awarded energy offers from Three-Part Supply Offers and from DAM Energy-Only Offers, specifying Resource (except for DAM Energy-Only Offers), MWh, Settlement Point, and Settlement Point Price, for each hour of the awarded offer;

(c) Awarded DAM Energy Bids, specifying MWh, Settlement Point, and Settlement Point Price for each hour of the awarded bid; and

(d) Awarded PTP Obligation Bids, number of PTP Obligations in MW, source and sink Settlement Points, and price for each Settlement Interval of the awarded bid.

(2) As soon as practicable, but no later than 1330, ERCOT shall post on the MIS Public Area the hourly:

(a) Day-Ahead MCPC for each type of Ancillary Service for each hour of the Operating Day;

(b) DASPPs for each Settlement Point for each hour of the Operating Day;

(c) Day-Ahead hourly LMPs for each Electrical Bus for each hour of the Operating Day;

(d) Shadow Prices for every binding constraint for each hour of the Operating Day;

(e) Quantity of total Ancillary Service Offers received in the DAM, in MW by Ancillary Service type for each hour of the Operating Day;

(f) Energy bought in the DAM consisting of the following:

(i) The total quantity of awarded DAM Energy Bids (in MWh) bought in the DAM at each Settlement Point for each hour of the Operating Day; and

(ii) The total quantity of awarded PTP Obligation Bids (in MWh) cleared in the DAM that sink at each Settlement Point for each hour of the Operating Day.

(g) Energy sold in the DAM consisting of the following:

(i) The total quantity of awarded DAM Energy Offers (in MWh), from Three-Part Supply Offers and DAM Energy Only Offers, bought in the DAM at each Settlement Point for each hour of the Operating Day; and

(ii) The total quantity of awarded PTP Obligation Bids (in MWh) cleared in the DAM that source at each Settlement Point for each hour of the Operating Day.

(h) Aggregated Ancillary Service Offer Curve of all Ancillary Service Offers for each type of Ancillary Service for each hour of the Operating Day;

(i) Electrically Similar Settlement Points used during the DAM clearing process; and

(j) Settlement Points that were de-energized in the base case.

[NPRR492: Insert item (k) below upon system implementation:]

(k) System Lambda.

(3) ERCOT shall monitor Day-Ahead MCPCs and Day-Ahead hourly LMPs for errors and if there are conditions that cause the price to be questionable, ERCOT shall notify all Market Participants that the DAM prices are under investigation as soon as practicable.

(4) ERCOT shall correct prices when: (i) a market solution is determined to be invalid or (ii) invalid prices are identified in an otherwise valid market solution, unless accurate prices cannot be determined. The following are some reasons that may cause these conditions.

(a) Data Input error: Missing, incomplete, or incorrect versions of one or more data elements input to the DAM application may result in an invalid market solution and/or prices.

(b) Software error: Pricing errors may occur due to software implementation errors in DAM pre-processing, DAM clearing process, and/or DAM post processing.

(c) Inconsistency with these Protocols or the Public Utility Commission of Texas (PUCT) Substantive Rules: Pricing errors may occur when specific

circumstances result in prices that are in conflict with such Protocol language or the PUCT Substantive Rules.

(5) All DAM LMPs, MCPCs, and Settlement Point Prices are final at 1000 of the second Business Day after the Operating Day.

(a) However, after DAM LMPs, MCPCs, and Settlement Point Prices are final, if ERCOT determines that prices are in need of correction and seeks ERCOT Board review of such prices, it shall notify Market Participants and describe the need for such correction as soon as practicable but no later than 30 days after the Operating Day. Failure to notify Market Participants within this timeline precludes the ERCOT Board from reviewing such prices. However, nothing in this section shall be understood to limit or otherwise inhibit any of the following:

(i) ERCOT's duty to inform the PUCT of potential or actual violations of the ERCOT Protocols or PUCT Rules and its right to request that the PUCT authorize correction of any prices that may have been affected by such potential or actual violations;

(ii) The PUCT's authority to order price corrections when permitted to do so under other law; or

(iii) ERCOT's authority to grant relief to a Market Participant pursuant to the timelines specified in Section 20, Alternative Dispute Resolution Procedure.

(b) The ERCOT Board may review and change DAM LMPs, MCPCs, or Settlement Point Prices if ERCOT gave timely notice to Market Participants and the ERCOT Board finds that such prices are significantly affected by an error.

(c) In review of DAM LMPs, MCPCs, or Settlement Point Prices, the ERCOT Board may rely on the same reasons identified in paragraph (4) above to find that the prices are significantly affected by an error.

(6) As soon as practicable, but no later than 1330, ERCOT shall make available the Day-Ahead Shift Factors for binding constraints in the DAM and post to the MIS Secure Area.

4.6 DAM Settlement

4.6.1 Day-Ahead Settlement Point Prices

The Day-Ahead Settlement Point Price (DASPP) calculations are described in this Section for Resource Nodes, Load Zones, Hubs, and logical Resource Nodes. For all DASPPs, there shall be an administrative price floor of -$251/MWh.

4.6.1.1 Day-Ahead Settlement Point Prices for Resource Nodes

The DASPP for a Resource Node Settlement Point for an hour is the Locational Marginal Price (LMP) at that Resource Node for that hour as calculated in the Day-Ahead Market (DAM) process.

4.6.1.2 Day-Ahead Settlement Point Prices for Load Zones

The DASPP for a Load Zone Settlement Point for an hour is calculated as follows:

$$\mathbf{DASPP} = \sum_{b} (\mathbf{DADF}_{b} * \mathbf{DALMP}_{b})$$

The above variables are defined as follows:

Variable	Unit	Definition
DASPP	$/MWh	*Day-Ahead Settlement Point Price*—The DAMSPP at the Settlement Point for the hour.
$DALMP_b$	$/MWh	*Day-Ahead Locational Marginal Price per bus*—The DAM LMP at Electrical Bus *b* for the hour.
$DADF_b$	none	*Day-Ahead Distribution Factor per bus*—The Load distribution factor, as described in Section 4.5.1, DAM Clearing Process, for Electrical Bus *b* in the Load Zone for the hour.
b	none	An Electrical Bus that is assigned to the Load Zone.

4.6.1.3 Day-Ahead Settlement Point Prices for Hubs

The DASPP for a Settlement Point at a Hub is determined according to the methodology included in the definition of that Hub in Section 3.5, Hubs.

4.6.1.4 Day-Ahead Settlement Point Prices at the Logical Resource Node for a Combined Cycle Generation Resource

ERCOT shall calculate the DASPP for each hour at the logical Resource Node for the Combined Cycle Generation Resource as follows:

(a) The DASPP at a logical Resource Node shall be the sum of a weight factor as determined in paragraph (b) below times the Day-Ahead LMP at each of the Resource Nodes of the generation units registered in the Combined Cycle Train registration for the Combined Cycle Generation Resource designated in the Three-Part Supply Offer:

Where:

$$\mathbf{DASPP} = \sum_{\mathbf{CCGR_PhyR}} \mathbf{DALMP}_{\mathbf{CCGR_PhyR}} * \mathbf{DACCGRWF}_{\mathbf{CCGR_PhyR}}$$

The above variables are defined as follows:

Variable	Unit	Definition
DASPP	$/MWh	*Day-Ahead Settlement Point Price at a logical Resource Node for a Combined Cycle Train*—The DAM Settlement Point Price at the logical Resource Node for a Combined Cycle Generation Resource for the hour.
$DALMP_{CCGR_PhyR}$	$/MWh	*Day-Ahead Locational Marginal Price at a Resource Node for a generation unit registered in the Combined Cycle Generation Resource*—The Day-Ahead LMP at the Resource Node of a generation unit designated in the Combined Cycle Train registration for the Combined Cycle Generation Resource.
$DACCGRWF_{CCGR_PhyR}$	none	*Day-Ahead Combined Cycle Generation Resource Weighting Factor*—The DAM Combined Cycle Generation Resource weighting factor for a generation unit designated in a Combined Cycle Train registration for the Combined Cycle Generation Resource.
CCGR_PhyR	none	A generation unit designated in a Combine Cycle Train for the Combined Cycle Generation Resource.

(b) The weight factor for each generation unit designated in the Combined Cycle Train registration for the Combined Cycle Generation Resource shall be the generation unit's High Reasonability Limit (HRL), as specified in its ERCOT approved Resource Asset Registration Form, divided by the total of all HRL values for the generation units designated in the Combined Cycle Generation Resource registration.

Where:

$$DACCGRWF_{CCGR_PhyR} = HRL_{CCGR_PhyR} / \sum_{CCGR_PhyR} HRL_{CCGR_PhyR}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DACCGRWF_{CCGR_PhyR}$	none	*Day-Ahead Combined Cycle Generation Resource Weighting Factor*—The DAM Combined Cycle Generation Resource weighting factor for a generation unit designated in a Combined Cycle Train registration for the Combined Cycle Generation Resource.
HRL_{CCGR_PhyR}	MW	*High Reasonability Limit*—The HRL as specified in the ERCOT-approved Resource Asset Registration Form for a generation unit designated in a Combined Cycle Train registration for the Combined Cycle Generation Resource.
CCGR_PhyR	none	A generation unit designated in a Combined Cycle Train for the Combined Cycle Generation Resource.

4.6.2 Day-Ahead Energy and Make-Whole Settlement

4.6.2.1 Day-Ahead Energy Payment

(1) The Day-Ahead Energy Payment is made for all cleared offers (excluding offers submitted for the Reliability Must-Run (RMR) Units) to sell energy in the DAM, whether through Three-Part Supply Offers or DAM Energy-Only Offer Curves. The payment to each Qualified Scheduling Entity (QSE) for each Settlement Point for a given hour of the Operating Day is calculated as follows:

$$\mathbf{DAESAMT}_{q,p} = (-1) * \mathbf{DASPP}_{p} * \mathbf{DAES}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAESAMT_{q, p}$	$	*Day-Ahead Energy Sale Amount per QSE per Settlement Point*—The payment to QSE *q* for the cleared energy offers at Settlement Point *p* for the hour.
$DASPP_{p}$	$/MWh	*Day-Ahead Settlement Point Price per Settlement Point*—The DAM SPP at Settlement Point *p* for the hour.
$DAES_{q, p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The total amount of energy represented by QSE *q*'s cleared Three-Part Supply Offers in the DAM and cleared DAM Energy-Only Offer Curves at Settlement Point *p*, excluding the offers submitted for RMR Units at the same Settlement Point, for the hour.
q	none	A QSE.
p	none	A Settlement Point.

(2) The total of the Day-Ahead Energy Payments to each QSE for the hour is calculated as follows:

$$\mathbf{DAESAMTQSETOT}_{q} = \sum_{p} \mathbf{DAESAMT}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAESAMTQSETOT_{q}$	$	*Day-Ahead Energy Sale Amount QSE Total per QSE*—The total of the payments to QSE *q* for its cleared energy offers at all Settlement Points for the hour.
$DAESAMT_{q, p}$	$	*Day-Ahead Energy Sale Amount per QSE per Settlement Point*—The payment to QSE *q* for the cleared energy offers at Settlement Point *p* for the hour.
q	none	A QSE.
p	none	A Settlement Point.

4.6.2.2 Day-Ahead Energy Charge

(1) The Day-Ahead Energy Charge is made for all cleared DAM Energy Bids. This charge to each QSE for each Settlement Point for a given hour of the Operating Day is calculated as follows:

$$\mathbf{DAEPAMT}_{q,p} = \mathbf{DASPP}_{p} * \mathbf{DAEP}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAEPAMT_{q,p}$	$	*Day-Ahead Energy Charge per QSE per Settlement Point*—The charge to QSE *q* for all its cleared DAM Energy Bids at Settlement Point *p* for the hour.
$DASPP_{p}$	$/MWh	*Day-Ahead Settlement Point Price per Settlement Point*—The DAM SPP at Settlement Point *p* for the hour.
$DAEP_{q,p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The total amount of energy represented by QSE *q*'s cleared DAM Energy Bids at Settlement Point *p* for the hour.
q	none	A QSE.
p	none	A Settlement Point.

(2) The total of the Day-Ahead Energy Charges to each QSE for the hour is calculated as follows:

$$\mathbf{DAEPAMTQSETOT}_{q} = \sum_{p} \mathbf{DAEPAMT}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAEPAMTQSETOT_{q}$	$	*Day-Ahead Energy Purchase Amount QSE Total per QSE*—The total of the charges to QSE *q* for its cleared DAM Energy Bids at all Settlement Points for the hour.
$DAEPAMT_{q,p}$	$	*Day-Ahead Energy Purchase Amount per QSE per Settlement Point*—The charge to QSE *q* for its cleared DAM Energy Bids at Settlement Point *p* for the hour.
q	none	A QSE.
p	none	A Settlement Point.

4.6.2.3 Day-Ahead Make-Whole Settlements

(1) A QSE that has a Three-Part Supply Offer cleared in the DAM is eligible for a Day-Ahead Make-Whole Payment startup cost compensation, if, for the Resource associated with the offer:

(a) The generator's breakers were open, as indicated by a telemetered Resource status of Off-Line, for at least five minutes during the Adjustment Period for the beginning of the DAM commitment;

(b) The generator's breakers were closed, as indicated by a telemetered Resource status of On-Line, for at least one minute during the DAM commitment period; and

(c) The breaker open-close sequence, as indicated by the On-Line/Off-Line sequence from the telemetered Resource status, for which the QSE is eligible for startup cost compensation in the DAM or Reliability Unit Commitment (RUC) for the previous Operating Day does not qualify in meeting the criteria in items (a) and (b) above.

(d) The breaker open-close sequence for which the QSE is eligible for startup cost compensation in an earlier DAM commitment period within the same Operating Day does not qualify in meeting the criteria in items (a) and (b) above.

(2) A QSE that has a Three-Part Supply Offer cleared in the DAM is eligible for Day-Ahead Make-Whole Payment energy cost compensation in a DAM-committed Operating Hour, if, for the Resource associated with the offer the generator's breakers were closed for at least one minute during the DAM-committed Operating Hour.

(3) The Day-Ahead Make-Whole Payment guarantees the QSE that the total payment received from the DAM for a DAM-committed Resource is not less than the total cost calculated based on the Startup Offer, the Minimum Energy Offer, and the Energy Offer Curve capped by the Energy Offer Curve Cap defined under Section 4.4.9.3.3, Energy Offer Curve Caps for Make-Whole Calculation Purposes.

(4) If a Generation Resource is eligible for startup or energy cost compensation in the Day-Ahead Make-Whole payment, then Ancillary Service revenue from the hours committed in the Day-Ahead Market will be included in its Make-Whole calculation for that Resource.

4.6.2.3.1 Day-Ahead Make-Whole Payment

(1) ERCOT shall pay the QSE a Day-Ahead Make-Whole Payment for an eligible Resource, except that the Day-Ahead Make-Whole RMR Revenue amount is calculated but not paid for any RMR Unit, for each Operating Hour in a DAM-commitment period.

(2) Any Ancillary Service Offer cleared for the same Operating Hour, QSE, and Generation Resource as a Three-Part Supply Offer cleared in the DAM shall be included in the calculation of the Day-Ahead Make-Whole Payment.

(3) The guaranteed cost, energy revenue, and Ancillary Service revenue calculated for each Combined Cycle Generation Resource are each summed for the Combined Cycle Train,

and the the Day-Ahead Make-Whole Amount is calculated for the Combined Cycle Train.

(4) For an Aggregate Generation Resource (AGR), Startup Cost shall be scaled according to the ratio of the maximum number of its generators online during a contiguous block of DAM-committed Intervals, as indicated by telemetry, compared to the total number of generators registered to the AGR and used in the approved verifiable cost for the AGR.

(5) The Day-Ahead Make-Whole Payment to each QSE for each DAM-committed Generation Resource (excluding RMR Units) is calculated as follows:

$$\mathbf{DAMWAMT}_{q,p,r,h} = (-1) * \mathbf{Max}(0, \mathbf{DAMGCOST}_{q,p,r} + \sum_h \mathbf{DAEREV}_{q,p,r,h} + \sum_h \mathbf{DAASREV}_{q,r,h}) * \mathbf{DAESR}_{q,p,r,h} / (\sum_h \mathbf{DAESR}_{q,p,r,h})$$

(6) The Day-Ahead Make-Whole RMR Revenue to each QSE for each DAM-committed RMR Unit is calculated as follows:

$$\mathbf{DAMWRMRREV}_{q,p,r,h} = (-1) * \mathbf{Max}(0, \mathbf{DAMGCOST}_{q,p,r} + \sum_h \mathbf{DAEREV}_{q,p,r,h} + \sum_h \mathbf{DAASREV}_{q,r,h}) * \mathbf{DAESR}_{q,p,r,h} / (\sum_h \mathbf{DAESR}_{q,p,r,h})$$

(7) The Day-Ahead Make-Whole Guaranteed Costs are calculated for each eligible DAM-Committed Generation Resource (including RMR Units) as follows:

For non-Combined Cycle Trains,

$$\text{DAMGCOST}_{q,p,r} = \text{DASUO}_{q,p,r} + \sum_h (\text{DAMEO}_{q,p,r,h} * \text{DALSL}_{q,p,r,h}) + \sum_h (\text{DAAIEC}_{q,p,r,h} * (\text{DAESR}_{q,p,r,h} - \text{DALSL}_{q,p,r,h}))$$

For an AGR,

$$\text{DAMGCOST}_{q,p,r} = \text{DASUPR}_{q,p,r} + \sum_h (\text{DAMEO}_{q,p,r,h} * \text{DALSL}_{q,p,r,h}) + \sum_h (\text{DAAIEC}_{q,p,r,h} * (\text{DAESR}_{q,p,r,h} - \text{DALSL}_{q,p,r,h}))$$

Where:

$$\text{DASUPR}_{q,p,r} = \text{Min}(\text{DASUO}_{q,p,r}, \text{DASUCAP}_{q,p,r})$$

If ERCOT has approved verifiable Startup Costs

Then:

$$DASUCAP_{q,p,r} = Max_c(AGRRATIO_{q,p,r}) * \text{verifiable Startup Costs}_{q,r}$$

Where:

$$AGRRATIO_{q,p,r} = AGRMAXON_{q,p,r} / AGRTOT_{q,p,r}$$

Otherwise:

$$DASUCAP_{q,p,r} = Max_c(AGGRATIO_{q,p,r}) * RCGSC$$

For Combined Cycle Trains,

$$DAMGCOST_{q,p,r} = DASUO_{q,p,r} + \sum_h (DAMEO_{q,p,r,h} * DALSL_{q,p,r,h})$$
$$+ (Max (0, DASUO_{afterCCGR} - DASUO_{beforeCCGR}))$$
$$+ \sum_h (DAAIEC_{q,p,r,h} * (DAESR_{q,p,r,h} - DALSL_{q,p,r,h}))$$

(8) The Day-Ahead Make-Whole Revenue is calculated for each DAM-Committed Generation Resource (including RMR Units) as follows:

$$DAEREV_{q,p,r,h} = (-1) * DASPP_{p,h} * DAESR_{q,p,r,h}$$

$$DAASREV_{q,r,h} = ((-1) * MCPCRU_{DAM,h} * PCRUR_{r,q,DAM,h})$$
$$+ ((-1) * MCPCRD_{DAM,h} * PCRDR_{r,q,DAM,h})$$
$$+ ((-1) * MCPCRR_{DAM,h} * PCRRR_{r,q,DAM,h})$$
$$+((-1) * MCPCNS_{DAM,h} * PCNSR_{r,q,DAM,h})$$

The above variables are defined as follows:

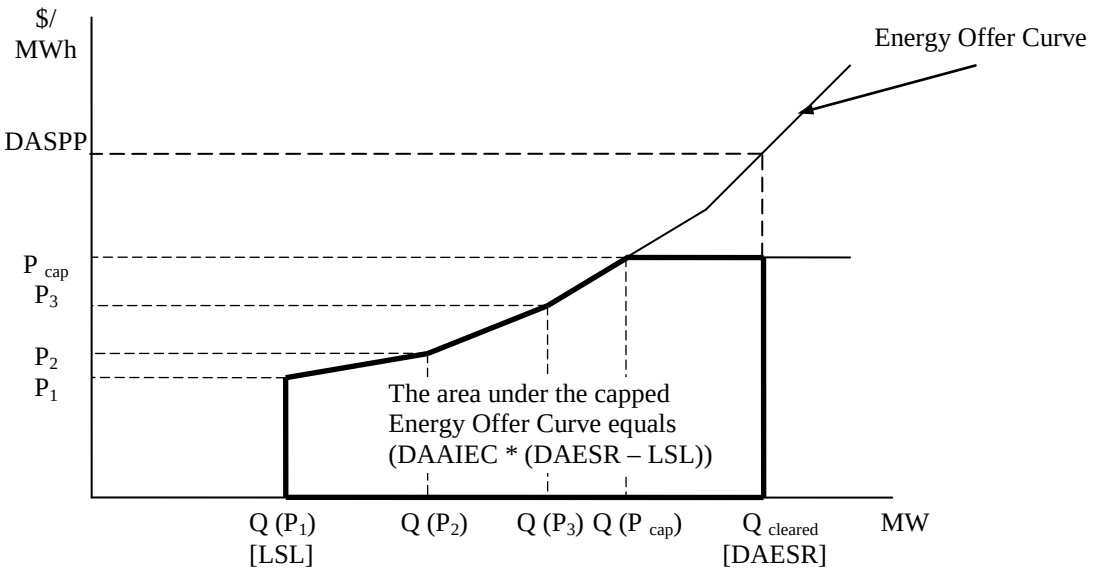
Variable	Unit	Definition
$DAMWAMT_{q,p,r,h}$	$	*Day-Ahead Make-Whole Payment per QSE per Settlement Point per Resource per hour*—The payment to QSE *q* to make-whole the Startup Cost and energy cost of Resource *r* committed in the DAM at Resource Node *p* for the hour *h*. When a Combined Cycle Generation Resource is committed in the DAM, payment is made to the Combined Cycle Train for the DAM-committed Combined Cycle Generation Resource.
$DAMWRMRREV_{q,p,r,h}$	$	*Day-Ahead Make-Whole RMR Revenue per QSE per Settlement Point per RMR Resource per hour*—The revenue calculated but not paid to QSE *q* to make-whole the Startup Cost and energy cost of the RMR Resource *r* committed in the DAM at Resource Node *p* for the hour *h*. When a Combined Cycle Generation Resource that is an RMR Resource is committed in the DAM, revenue is calculated for the Combined Cycle Train for the Combined Cycle Generation Resource.

Variable	Unit	Definition
$DAMGCOST_{q, p, r}$	$	*Day-Ahead Market Guaranteed Amount per QSE per Settlement Point per Resource*—The sum of the Startup Cost and the operating energy costs of the DAM-committed Resource *r* at Resource Node *p* represented by QSE *q*, for the DAM-commitment period. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DAEREV_{q, p, r, h}$	$	*Day-Ahead Energy Revenue per QSE per Settlement Point per Resource by hour*—The revenue received in the DAM for Resource *r* at Resource Node *p* represented by QSE *q*, based on the DAM Settlement Point Price, for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DAASREV_{q, r, h}$	$	*Day-Ahead Ancillary Service Revenue per QSE per Resource by hour*—The revenue received in the DAM for Resource *r* represented by QSE *q*, based on the Market Clearing Price for Capacity (MCPC) for each Ancillary Service in the DAM, for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DASPP_{p, h}$	$/MWh	*Day-Ahead Settlement Point Price by Settlement Point by hour*—The DAM Settlement Point Price at Resource Node *p* for the hour *h*.
$DAESR_{q, p, r, h}$	MW	*Day-Ahead Energy Sale from Resource per QSE by Settlement Point per Resource by hour*—The amount of energy cleared through Three-Part Supply Offers in the DAM for Resource *r* at Resource Node *p* represented by QSE *q* for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DASUPR_{q, p, r}$	$/MWh	*Day-Ahead Startup Price per QSE per Settlement Point per Resource*—The derived Startup Price for an AGR *r* at Resource Node *p* represented by QSE *q*, for the first hour of the DAM-commitment period.
$DASUCAP_{q, p, r,}$	$/MWh	*Day-Ahead Startup Cap per QSE per Settlement Point per Resource*—The amount used for AGR *r* as Startup Costs. The cap is the RCGSC unless ERCOT has approved verifiable unit-specific Startup Costs for that Resource, in which case the startup cap is the scaled verifiable unit-specific Startup Cost. See Section 5.6.1, Verifiable Costs, for more information on verifiable costs.
RCGSC	$/Start	*Resource Category Generic Startup Cost*—The Resource Category Generic Startup Cost cap for the category of the Resource, according to Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps, for the Operating Day.
$PCRUR_{r, q, DAM, h}$	MW	*Procured Capacity for Reg-Up from Resource per Resource per QSE per hour in DAM*—The Regulation Up (Reg-Up) capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MCPCRU_{DAM, h}$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Up per hour in DAM*—The DAM MCPC for Reg-Up for the hour *h*.
$PCRDR_{r, q, DAM, h}$	MW	*Procured Capacity for Reg-Down from Resource per Resource per QSE per hour in DAM*—The Regulation Down (Reg-Down) capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MCPCRD_{DAM, h}$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Down per hour in DAM*—The DAM MCPC for Reg-Down for the hour *h*.

Variable	Unit	Definition
PCRRR $_{r, q, DAM, h}$	MW	*Procured Capacity for Responsive Reserve from Resource per Resource per QSE per hour in DAM*—The Responsive Reserve (RRS) capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
MCPCRR $_{DAM, h}$	$/MW per hour	*Market Clearing Price for Capacity for Responsive Reserve per hour in DAM*—The DAM MCPC for RRS for the hour *h*.
PCNSR $_{r, q, DAM, h}$	MW	*Procured Capacity for Non-Spin from Resource per Resource per QSE per hour in DAM*—The Non-Spinning Reserve (Non-Spin) capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
MCPCNS $_{DAM, h}$	$/MW per hour	*Market Clearing Price for Capacity for Non-Spin per hour in DAM*—The DAM MCPC for Non-Spin for the hour *h*.
DASUO $_{q, p, r}$	$/start	*Day-Ahead Startup Offer per QSE per Settlement Point per Resource*—The Startup Offer included in the Three-Part Supply Offer submitted in the DAM associated with Resource *r* at Resource Node *p* represented by QSE *q*, for the first hour of the DAM-commitment period. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
AGRRATIO $_{q, p, r}$	none	*Aggregate Generation Resource Ratio per QSE per Settlement Point per Aggregate Generation Resource*—A value which represents the ratio of the maximum number of generators online in an hour, as indicated by telemetry, compared to the total number of generators registered to the AGR and used in the approved verifiable cost for the AGR. The value is only applicable if the Resource is an AGR.
AGRMAXON $_{q, p, r}$	none	*Aggregate Generation Resource Maximum Online per QSE per Settlement Point per Aggregate Generation Resource*—The maximum number of generators online during an hour, as indicated by telemetry. The value is only applicable if the Resource is an AGR.
AGRTOT $_{q, p, r}$	none	*Aggregate Generation Resource Total per QSE per Settlement Point per Aggregate Generation Resource*—The total number of generators registered to the AGR and used in the approved verifiable cost for the AGR. The value is only applicable if the Resource is an AGR.
DAMEO $_{q, p, r, h}$	$/MWh	*Day-Ahead Minimum-Energy Offer per QSE per Settlement Point per Resource per hour*—The Minimum-Energy Offer included in the Three-Part Supply Offer submitted in the DAM associated with Resource *r* at Resource Node *p* represented by QSE *q*, for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
DALSL $_{q, p, r, h}$	MW	*Day-Ahead Low Sustained Limit per QSE per Settlement Point per Resource per hour*—The Low Sustained Limit (LSL) of Resource *r* at Resource Node *p* represented by QSE *q*, for the hour *h* as seen in the 1000 Day-Ahead snapshot. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
DAAIEC $_{q, p, r h}$	$/MWh	*Day-Ahead Average Incremental Energy Cost per QSE per Settlement Point per Resource per hour*—The average incremental energy cost, calculated according to the Energy Offer Curve capped by the generic energy price, for the output levels between the DAESR and the LSL of Resource *r* at Resource Node *p* represented by QSE *q*, for the hour *h*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined

Variable	Unit	Definition
		Cycle Train.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A DAM-committed Generation Resource.
h	none	An hour in the DAM-commitment period.
c	none	A contiguous block of DAM-committed hours.
afterCCGR	none	The Combined Cycle Generation Resource to which a Combined Cycle Train transitions.
beforeCCGR	none	The Combined Cycle Generation Resource from which a Combined Cycle Train transitions.

(9) The calculation of the Day-Ahead Average Incremental Energy Cost for each Resource for each hour is illustrated with the picture below, where P_{cap} is the Energy Offer Curve Cap. The method to calculate such cost is described in Section 4.6.5, Calculation of "Average Incremental Energy Cost" (AIEC).



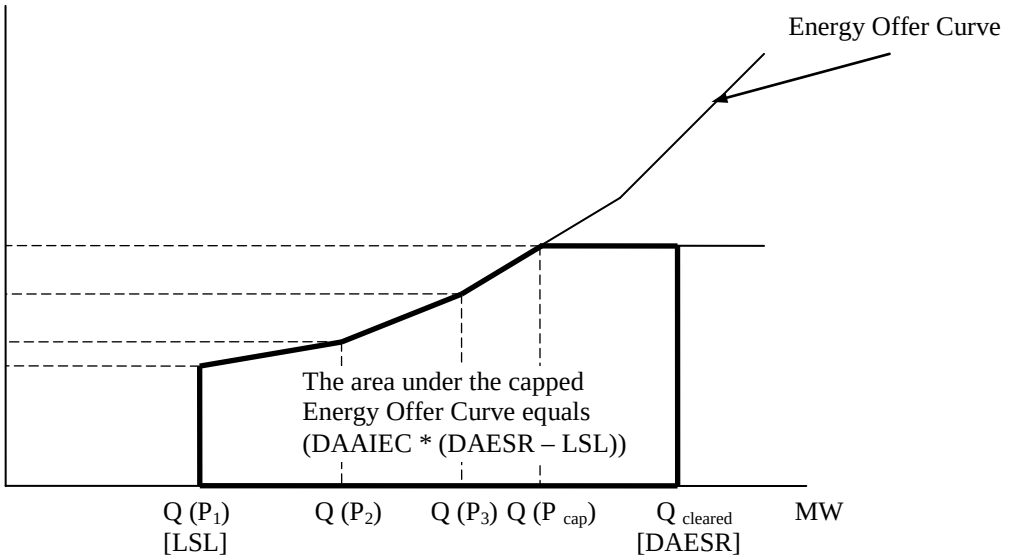
(10) The total of the Day-Ahead Make-Whole Payments to each QSE for non-RMR Generation Resources for a given hour is calculated as follows:

$$\mathbf{DAMWAMTQSETOT}_{q} = \sum_{p}\sum_{r}\mathbf{DAMWAMT}_{q,p,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
DAMWAMTQSETOT $_q$	$	*Day-Ahead Make-Whole Payment QSE Total per QSE*—The total of the Day-Ahead Make-Whole Payments to QSE *q* for the DAM-committed non-

Variable	Unit	Definition
		RMR Generation Resources represented by this QSE for the hour.
$DAMWAMT_{q, p, r}$	$	*Day-Ahead Make-Whole Payment per QSE per Settlement Point per Resource*—The payment to QSE *q* to make-whole the Startup Cost and energy cost of Resource *r* committed in the DAM at Resource Node *p* for the hour. When a Combined Cycle Generation Resource is committed in the DAM, payment is made to the Combined Cycle Train for the DAM-committed Combined Cycle Generation Resource.
q	none	A QSE.
p	none	A Settlement Point.
r	none	A DAM-committed non-RMR Generation Resource.



(11) The total of the Day-Ahead Make-Whole RMR Revenue for each QSE for RMR Units for a given hour is calculated as follows:

$$\mathbf{DAMWRMRREVQSETOT}_{q} = \sum_{p}\sum_{r}\mathbf{DAMWRMRREV}_{q, p, r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAMWRMRREVQSETOT_{q}$	$	*Day-Ahead Make-Whole RMR Revenue QSE Total per QSE*—The total of the Day-Ahead Make-Whole Revenue calculated for QSE *q* for DAM-committed RMR Units represented by this QSE for the hour.
$DAMWRMRREV_{q, p, r,}$	$	*Day-Ahead Make-Whole RMR Revenue per QSE per Settlement Point per RMR Resource per hour*—The revenue calculated but not paid to QSE *q* to make-whole the Startup Cost and energy cost of the RMR Resource *r* committed in the DAM at Resource Node *p* for the hour. When a Combined Cycle Generation Resource that is an RMR Resource is

Variable	Unit	Definition
		committed in the DAM, revenue is calculated for the Combined Cycle
q	none	A QSE.
p	none	A Settlement Point.
r	none	A DAM-committed RMR Unit.

4.6.2.3.2 Day-Ahead Make-Whole Charge

ERCOT shall charge a Day-Ahead Make-Whole Charge to each QSE that has one or more cleared DAM Energy Bids and/or Point-to-Point (PTP) Obligation Bids. The Day-Ahead Make-Whole Charge for an hour is that QSE's prorata share of the total amount of Day-Ahead Make-Whole Payments and Day-Ahead Make-Whole RMR Revenue for that hour. The proration must be based on the ratio of the energy amount of the QSE's cleared DAM Energy Bids and PTP Obligation Bids to the total energy amount of all QSEs' cleared DAM Energy Bids and PTP Obligation Bids. The Day-Ahead Make-Whole Charge to each QSE for a given hour is calculated as follows:

$$\mathbf{LADAMWAMT}_{q} = \mathbf{(-1) * (DAMWAMTTOT + RMRDAMWREVTOT) * DAERS}_{q}$$

Where:

Day-Ahead Make-Whole Payment Total

$$DAMWAMTTOT = \sum_{q} DAMWAMTQSETOT_{q}$$

RMR Day-Ahead Make-Whole Revenue Total

$$RMRDAMWREVTOT = \sum_{q} DAMWRMRREVQSETOT_{q}$$

Day-Ahead Energy Purchase Ratio Share per QSE

$$DAERS_{q} = DAE_{q} / DAETOT$$

$$DAETOT = \sum_{q} DAE_{q}$$

$$DAE_{q} = \sum_{p} DAEP_{q,p} + \sum_{j} \sum_{k} RTOBL_{q,(j,k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LADAMWAMT_{q}$	$	*Day-Ahead Make-Whole Charge*—The allocated charge to QSE *q* to make whole all the eligible DAM-committed Resources for the hour.
DAMWAMTTOT	$	*Day-Ahead Make-Whole Payment Total*—The total of the Day-Ahead Make-Whole Payments to all QSEs for all DAM-committed Resources for the hour.

Variable	Unit	Definition
DAMWAMTQSETOT $_q$	$	*Day-Ahead Make-Whole Payment QSE Total per QSE*—The total of the Day-Ahead Make-Whole Payments to QSE *q* for the DAM-committed Generation Resources represented by this QSE for the hour.
RMRDAMWREVTOT	$	*RMR Day-Ahead Make-Whole Revenue Total*—The total of the RMR Day-Ahead Make-Whole Revenue for all DAM-committed RMR Units for the hour.
DAMWRMRREVQSETOT $_q$	$	*Day-Ahead Make-Whole RMR Revenue QSE Total per QSE*—The total of the Day-Ahead Make-Whole Revenue calculated for QSE *q* for DAM-committed RMR Units represented by this QSE for the hour.
DAERS $_q$	none	*Day-Ahead Energy Purchase Ratio Share per QSE*— The ratio of QSE *q*'s total amount of energy represented by its cleared DAM Energy Bids and PTP Obligation Bids, to the total amount of energy represented by all QSEs' cleared DAM Energy Bids and PTP Obligation Bids, for the hour.
DAETOT	MW	*Day-Ahead Energy Total*—The total amount of energy represented by all cleared DAM Energy Bids and all cleared PTP Obligation Bids for the hour.
DAE $_q$	MW	*Day-Ahead Energy per QSE*—QSE *q*'s total amount of energy, represented by its cleared DAM Energy Bids and PTP Obligation Bids, for the hour.
DAEP $_{q, p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The total amount of energy represented by QSE *q*'s cleared DAM Energy Bids at the Settlement Point *p* for the hour.
RTOBL $_{q, (j, k)}$	MW	*Real-Time Obligation per QSE per pair of source and sink*—The total amount of energy represented by QSE *q*'s cleared PTP Obligation Bids with the source *j* and the sink *k*, for the hour.
q	none	A QSE.
p	none	A Settlement Point.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

4.6.3 Settlement for PTP Obligations Bought in DAM

(1) ERCOT shall pay or charge a QSE for a cleared PTP Obligation bid the difference in the DAM Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The charge or payment to each QSE for a given Operating Hour of its cleared PTP Obligation bids with each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{DARTOBLAMT}_{q,(j,k)} = \mathbf{DAOBLPR}_{(j,k)} * \mathbf{RTOBL}_{q,(j,k)}$$

Where:

$$\text{DAOBLPR}_{(j,k)} = \text{DASPP}_k - \text{DASPP}_j$$

The above variables are defined as follows:

Variable	Unit	Definition

Variable	Unit	Definition
DARTOBLAMT $_{q, (j, k)}$	$	*Day-Ahead Real-Time Obligation Amount per QSE per pair of source and sink*—The charge or payment to QSE *q* for a PTP Obligation bid cleared in the DAM with the source *j* and the sink *k*, for the hour.
DAOBLPR $_{(j, k)}$	$/MWh	*Day-Ahead Obligation Price per pair of source and sink*—The DAM clearing price of a PTP Obligation bid with the source *j* and the sink *k*, for the hour.
DASPP $_{j}$	$/MWh	*Day-Ahead Settlement Point Price at source*—The DAM Settlement Point Price at the source Settlement Point *j* for the hour.
DASPP $_{k}$	$/MWh	*Day-Ahead Settlement Point Price at sink*—The DAM Settlement Point Price at the sink Settlement Point *k* for the hour.
RTOBL $_{q, (j, k)}$	MW	*Real-Time Obligation per QSE per pair of source and sink*—The total MW of QSE *q*'s PTP Obligation bids cleared in the DAM and settled in Real-Time for the source *j* and the sink *k*, for the hour.
q	none	A QSE.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(2) The net total charge or payment to the QSE for the hour of all its cleared PTP Obligation bids is calculated as follows:

$$\mathbf{DARTOBLAMTQSETOT}_{q} = \sum_{j}\sum_{k} \mathbf{DARTOBLAMT}_{q, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
DARTOBLAMTQSETOT$_{q}$	$	*Day-Ahead Real-Time Obligation Amount QSE Total per QSE*—The net total charge or payment to QSE *q* for all its PTP Obligation bids cleared in the DAM for the hour.
DARTOBLAMT $_{q, (j, k)}$	$	*Day-Ahead Real-Time Obligation Amount per QSE per pair of source and sink*—The charge or payment to QSE *q* for a PTP Obligation bids cleared in the DAM with the source *j* and the sink *k*, for the hour.
q	none	A QSE.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(3) ERCOT shall charge a QSE for a cleared PTP Obligation bid with Links to an Option the positive difference in the DASPP between the sink Settlement Point and the source Settlement Point. The charge to each QSE for a given Operating Hour of its cleared PTP Obligation bid with Links to an Option with each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{DARTOBLLOAMT}_{q, (j, k)} = \mathbf{Max}\ (0, \mathbf{DAOBLPR}_{(j, k)}) * \mathbf{RTOBLLO}_{q, (j, k)}$$

Where:

$$\text{RTOBLLO}_{q, (j, k)} = \sum_{crrid} \text{OBLLOCRR}_{q, (j, k), crrid, crrofferid}$$

The above variables are defined as follows:

Variable	Unit	Definition
DARTOBLLOAMT $_{q, (j, k)}$	$	*Day-Ahead Real-Time Obligation with Links to an Option Amount per QSE per pair of source and sink*—The charge to QSE *q* for a PTP Obligation bid with Links to an Option cleared in the DAM with the source *j* and the sink *k*, for the hour.
DAOBLPR $_{(j, k)}$	$/MWh	*Day-Ahead Obligation Price per pair of source and sink*—The DAM clearing price of a PTP Obligation bid with the source *j* and the sink *k*, for the hour.
RTOBLLO $_{q, (j, k)}$	MW	*Real-Time PTP Obligation with Links to an Option per QSE per pair of source and sink*—The total MW of QSE *q*'s PTP Obligation bids with Links to an Option cleared in the DAM and settled in Real-Time for the source *j* and the sink *k*, for the hour.
OBLLOCRR $_{q, (j, k), crrid, crrofferid}$	MW	*PTP Obligation with Links to an Option per QSE per pair of source and sink, CRRID and CRR Offer ID of the linked Option*—The total MW of QSE *q*'s PTP Obligation bids with Links to an Option cleared in the DAM for the source *j* and the sink *k*, for the hour and CRRID and CRROFFERID of the linked PTP Option.
crrid	none	A CRR Option identification code.
crrofferid	none	A CRR Offer identification code.
q	none	A QSE.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(4) The net total charge to the QSE for the hour of all its cleared PTP Obligation bids with Links to an Option is calculated as follows:

$$\mathbf{DARTOBLLOAMTQSETOT}_{q} = \sum_{j}\sum_{k}\mathbf{DARTOBLLOAMT}_{q, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
DARTOBLLOAMTQSETOT $_{q}$	$	*Day-Ahead Real-Time Obligation with Links to an Option Amount QSE Total per QSE*—The net total charge to QSE *q* for all its PTP Obligation bids with Links to an Option cleared in the DAM for the hour.
DARTOBLLOAMT $_{q, (j, k)}$	$	*Day-Ahead Real-Time Obligation with Links to Option Amount per QSE per pair of source and sink*—The charge to QSE *q* for a PTP Obligation bid with Links to an Option cleared in the DAM with the source *j* and the sink *k*, for the hour.
q	none	A QSE.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

4.6.4 Settlement of Ancillary Services Procured in the DAM

ERCOT shall pay each QSE providing Ancillary Services procured in the DAM the amount of Ancillary Service Capacity in MW procured from the QSE multiplied by the MCPC for the Ancillary Service provided, expressed in $/MW. Each QSE shall pay for its share of each Ancillary Service procured by ERCOT in the DAM.

4.6.4.1 Payments for Ancillary Services Procured in the DAM

4.6.4.1.1 Regulation Up Service Payment

ERCOT shall pay each QSE whose Ancillary Service Offers to provide Reg-Up to ERCOT were cleared in the DAM, for each hour as follows:

$$\mathbf{PCRUAMT}_{q} = \mathbf{(-1) * MCPCRU}_{DAM} \mathbf{* PCRU}_{q}$$

Where:

$$PCRU_{q} = \sum_{r} PCRUR_{r, q, DAM}$$

The above variables are defined as follows:

Variable	Unit	Definition
$PCRUAMT_{q}$	$	*Procured Capacity for Reg-Up Amount per QSE in DAM*—The DAM Reg-Up payment for QSE *q* for the hour.
$PCRU_{q}$	MW	*Procured Capacity for Reg-Up per QSE in DAM*—The total Reg-Up Service capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by this QSE for the hour.
$PCRUR_{r, q, DAM}$	MW	*Procured Capacity for Reg-Up from Resource per Resource per QSE in DAM*—The Reg-Up capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MCPCRU_{DAM}$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Up in DAM*—The DAM MCPC for Reg-Up for the hour.
r	none	A Resource.
q	none	A QSE.

4.6.4.1.2 Regulation Down Service Payment

ERCOT shall pay each QSE whose Ancillary Service Offers to provide Reg-Down to ERCOT were cleared in the DAM, for each hour as follows:

$$\mathbf{PCRDAMT}_{q} = \mathbf{(-1) * MCPCRD}_{DAM} \mathbf{* PCRD}_{q}$$

Where:

$$PCRD_{q} = \sum_{r} PCRDR_{r, q, DAM}$$

The above variables are defined as follows:

Variable	Unit	Definition
$PCRDAMT_{q}$	$	*Procured Capacity for Reg-Down Amount per QSE in DAM*—The DAM Reg-Down payment for QSE *q* for the hour.
$PCRD_{q}$	MW	*Procured Capacity for Reg-Down per QSE in DAM*—The total Reg-Down Service capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by this QSE for the hour.
$PCRDR_{r, q, DAM}$	MW	*Procured Capacity for Reg-Down from Resource per Resource per QSE in DAM*—The Reg-Down capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MCPCRD_{DAM}$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Down in DAM*—The DAM MCPC for Reg-Down for the hour.
r	none	A Resource.
q	none	A QSE.

4.6.4.1.3 Responsive Reserve Service Payment

ERCOT shall pay each QSE whose Ancillary Service Offers to provide Responsive Reserve to ERCOT were cleared in the DAM, for each hour as follows:

$$\mathbf{PCRRAMT}_{q} = \mathbf{(-1) * MCPCRR}_{DAM} \mathbf{* PCRR}_{q}$$

Where:

$$PCRR_{q} = \sum_{r} PCRRR_{r, q, DAM}$$

The above variables are defined as follows:

Variable	Unit	Definition
$PCRRAMT_{q}$	$	*Procured Capacity for Responsive Reserve Amount per QSE in DAM*—The DAM Responsive Reserve payment for QSE *q* for the hour.
$PCRR_{q}$	MW	*Procured Capacity for Responsive Reserve per QSE in DAM*—The total Responsive Reserve Service capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by this QSE for the hour.
$PCRRR_{r, q, DAM}$	MW	*Procured Capacity for Responsive Reserve from Resource per Resource per QSE in DAM*—The Responsive Reserve capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MCPCRR_{DAM}$	$/MW per hour	*Market Clearing Price for Capacity for Responsive Reserve in DAM*—The DAM MCPC for Responsive Reserve for the hour.
r	none	A Resource.
q	none	A QSE.

4.6.4.1.4 Non-Spinning Reserve Service Payment

ERCOT shall pay each QSE whose Ancillary Service Offers to provide Non-Spin to ERCOT were cleared in the DAM, for each hour as follows:

$$\mathbf{PCNSAMT}_{q} = \mathbf{(-1) * MCPCNS}_{DAM} \mathbf{* PCNS}_{q}$$

Where:

$$PCNS_{q} = \sum_{r} PCNSR_{r, q, DAM}$$

The above variables are defined as follows:

Variable	Unit	Definition
$PCNSAMT_{q}$	$	*Procured Capacity for Non-Spin Amount per QSE in DAM*—The DAM Non-Spin payment for QSE *q* for the hour.
$PCNS_{q}$	MW	*Procured Capacity for Non-Spin per QSE in DAM*—The total Non-Spin Service capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by this QSE for the hour.
$PCNSR_{r, q, DAM}$	MW	*Procured Capacity for Non-Spin from Resource per Resource per QSE in DAM*—The Non-Spin capacity quantity awarded to QSE *q* in the DAM for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MCPCNS_{DAM}$	$/MW per hour	*Market Clearing Price for Capacity for Non-Spin in DAM*—The DAM MCPC for Non-Spin for the hour.
r	none	A Resource.
q	none	A QSE.

4.6.4.2 Charges for Ancillary Services Procurement in the DAM

4.6.4.2.1 Regulation Up Service Charge

Each QSE shall pay to ERCOT a Reg-Up Service charge for each hour as follows:

$$\mathbf{DARUAMT}_{q} = \mathbf{DARUPR * DARUQ}_{q}$$

Where:

$$DARUPR = (-1) * PCRUAMTTOT / DARUQTOT$$

$$PCRUAMTTOT = \sum_{q} PCRUAMT_{q}$$

$$DARUQTOT = \sum_{q} DARUQ_{q}$$

$$DARUQ_{q} = DARUO_{q} - DASARUQ_{q}$$

The above variables are defined as follows:

Variable	Unit	Definition
DARUAMT $_q$	$	*Day-Ahead Reg-Up Amount per QSE*—QSE *q*'s share of the DAM cost for Reg-Up, for the hour.
DARUPR	$/MW per hour	*Day-Ahead Reg-Up Price*—The Day-Ahead Reg-Up price for the hour.
DARUQ $_q$	MW	*Day-Ahead Reg-Up Quantity per QSE*—The portion of QSE *q*'s Day-Ahead Ancillary Service obligation that is not self-arranged, for the hour.
PCRUAMTTOT	$	*Procured Capacity for Reg-Up Amount Total in DAM*—The total of the DAM Reg-Up payments for all QSEs for the hour.
PCRUAMT $_q$	$	*Procured Capacity for Reg-Up Amount per QSE in DAM*—The DAM Reg-Up payment for QSE *q* for the hour.
DARUQTOT	MW	*Day-Ahead Reg-Up Quantity Total*—The sum of every QSE's portion of its Day-Ahead Ancillary Service obligation that is not self-arranged, for the hour.
DARUO $_q$	MW	*Day-Ahead Reg-Up Obligation per QSE*—The Reg-Up capacity obligation for QSE *q* for the DAM for the hour.
DASARUQ $_q$	MW	*Day-Ahead Self-Arranged Reg-Up Quantity per QSE*—The self-arranged Reg-Up quantity submitted by QSE *q* before 1000 in the Day-Ahead.
q	none	A QSE.

4.6.4.2.2 Regulation Down Service Charge

Each QSE shall pay to ERCOT a Reg-Down Service charge for each hour as follows:

$$\mathbf{DARDAMT}_{q} = \mathbf{DARDPR} * \mathbf{DARDQ}_{q}$$

Where:

$$DARDPR = (-1) * PCRDAMTTOT / DARDQTOT$$

$$PCRDAMTTOT = \sum_{q} PCRDAMT_{q}$$

$$DARDQTOT = \sum_{q} DARDQ_{q}$$

$$DARDQ_{q} = DARDO_{q} - DASARDQ_{q}$$

The above variables are defined as follows:

Variable	Unit	Definition
DARDAMT $_q$	$	*Day-Ahead Reg-Down Amount per QSE*—QSE *q*'s share of the DAM cost for Reg-Down, for the hour.
DARDPR	$/MW per hour	*Day-Ahead Reg-Down Price*—The Day-Ahead Reg-Down price for the hour.
DARDQ $_q$	MW	*Day-Ahead Reg-Down Quantity per QSE*—The portion of QSE *q*'s Day-Ahead Ancillary Service obligation that is not self-arranged, for the hour.
PCRDAMTTOT	$	*Procured Capacity for Reg-Down Amount Total in DAM*—The total of the

Variable	Unit	Definition
		DAM Reg-Down payments for all QSEs for the hour.
PCRDAMT $_q$	$	*Procured Capacity for Reg-Down Amount per QSE in DAM*—The DAM Reg-Down payment for QSE *q* for the hour.
DARDQTOT	MW	*Day-Ahead Reg-Down Quantity Total*—The sum of every QSE's portion of its Day-Ahead Ancillary Service obligation that is not self-arranged, for the hour.
DARDO $_q$	MW	*Day-Ahead Reg-Down Obligation per QSE*—The Reg-Down capacity obligation for QSE *q* for the DAM for the hour.
DASARDQ $_q$	MW	*Day-Ahead Self-Arranged Reg-Down Quantity per QSE*—The Self-Arranged Reg-Down Quantity submitted by QSE *q* before 1000 in the Day-Ahead.
q	none	A QSE.

4.6.4.2.3 Responsive Reserve Service Charge

Each QSE shall pay to ERCOT a Responsive Reserve Service (RRS) charge for each hour as follows:

$$\mathbf{DARRAMT}_q = \mathbf{DARRPR} * \mathbf{DARRQ}_q$$

Where:

$$DARRPR = (-1) * PCRRAMTTOT / DARRQTOT$$

$$PCRRAMTTOT = \sum_q PCRRAMT_q$$

$$DARRQTOT = \sum_q DARRQ_q$$

$$DARRQ_q = DARRO_q - DASARRQ_q$$

The above variables are defined as follows:

Variable	Unit	Definition
DARRAMT $_q$	$	*Day-Ahead Responsive Reserve Amount per QSE*—QSE *q*'s share of the DAM cost for Responsive Reserve, for the hour.
DARRPR	$/MW per hour	*Day-Ahead Responsive Reserve Price*—The Day-Ahead Responsive Reserve price for the hour.
DARRQ $_q$	MW	*Day-Ahead Responsive Reserve Quantity per QSE*—The portion of QSE *q*'s Day-Ahead Ancillary Service obligation that is not self-arranged, for the hour.
PCRRAMTTOT	$	*Procured Capacity for Responsive Reserve Amount Total in DAM*—The total of the DAM Responsive Reserve payments for all QSEs for the hour.
PCRRAMT $_q$	$	*Procured Capacity for Responsive Reserve Amount per QSE for DAM*—The DAM Responsive Reserve payment for QSE *q* for the hour.
DARRQTOT	MW	*Day-Ahead Responsive Reserve Quantity Total*—The sum of every QSE's portion of its Day-Ahead Ancillary Service obligation that is not self-

Variable	Unit	Definition
		arranged, for the hour.
DARRO $_q$	MW	*Day-Ahead Responsive Reserve Obligation per QSE*—The Responsive Reserve capacity obligation for QSE *q* for the DAM for the hour.
DASARRQ $_q$	MW	*Day-Ahead Self-Arranged Responsive Reserve Quantity per QSE*—The self-arranged Responsive Reserve quantity submitted by QSE *q* before 1000 in the Day-Ahead.
q	none	A QSE.

4.6.4.2.4 Non-Spinning Reserve Service Charge

Each QSE shall pay to ERCOT a Non-Spin Service charge for each hour as follows:

$$\mathbf{DANSAMT}_q = \mathbf{DANSPR} * \mathbf{DANSQ}_q$$

Where:

$$DANSPR = (-1) * PCNSAMTTOT / DANSQTOT$$

$$PCNSAMTTOT = \sum_q PCNSAMT_q$$

$$DANSQTOT = \sum_q DANSQ_q$$

$$DANSQ_q = DANSO_q - DASANSQ_q$$

The above variables are defined as follows:

Variable	Unit	Definition
DANSAMT $_q$	$	*Day-Ahead Non-Spin Amount per QSE*—QSE *q*'s share of the DAM cost for Non-Spin, for the hour.
DANSPR	$/MW per hour	*Day-Ahead Non-Spin Price*—The Day-Ahead Non-Spin price for the hour.
DANSQ $_q$	MW	*Day-Ahead Non-Spin Quantity per QSE*—The portion of QSE *q*'s Day-Ahead Ancillary Service obligation that is not self-arranged capacity, for the hour.
PCNSAMTTOT	$	*Procured Capacity for Non-Spin Amount Total in DAM*—The total of the DAM Non-Spin payments for all QSEs for the hour.
PCNSAMT $_q$	$	*Procured Capacity for Non-Spin Amount per QSE in DAM*—The DAM Non-Spin payment for QSE *q* for the hour.
DANSQTOT	MW	*Day-Ahead Non-Spin Quantity Total*—The sum of every QSE's portion of its Day-Ahead Ancillary Service obligation that is not self-arranged, for the hour.
DANSO $_q$	MW	*Day-Ahead Non-Spin Obligation per QSE*—The Non-Spin capacity obligation for QSE *q* for the DAM for the hour.
DASANSQ $_q$	MW	*Day-Ahead Self-Arranged Non-Spin Quantity per QSE*—The self-arranged Non-Spin quantity submitted by QSE *q* before 1000 in the Day-Ahead.
q	none	A QSE.

4.6.5 Calculation of "Average Incremental Energy Cost" (AIEC)

The methodology of AIEC calculation is presented below. AIEC is used to account for the additional cost for a Generation Resource to produce energy above its LSL. This cost calculation methodology is used for the calculation of DAAIEC, RTAIEC, RTVSSAIEC, and RTHSLAIEC variables. The DAAIEC and RTAIEC are subject to the Energy Offer Curve Cap, while the RTVSSAIEC and RTHSLAIEC are not subject to price caps.

I. Energy Offer Curve

Index (i)	MW	$/MWh
1	Q_1	P_1
2	Q_2	P_2
⋮	⋮	⋮
N (N≤10)	Q_N	P_N

Variables DAAIEC and RTAIEC should calculate the associated price caps as specified in steps II through IV, the calculation process for Variables RTVSSAIEC and RTHSLAIEC should skip steps II through IV and continue with step V.

II. MW quantity corresponding with Energy Offer Curve Cap[1], $\overline{P}$ ($/MWh), where $P_i < \overline{P} \le P_{i+1}$ $(i = 1,2,\cdots,N-1)$

$\overline{Q}$ ($/MWh), where $\overline{Q} = Q_i + \frac{Q_{i+1} - Q_i}{P_{i+1} - P_i}(\overline{P} - P_i)$

III. Energy Offer Curve capped with the Energy Offer Curve Cap;

A. When $\overline{P} < P_N$

Index (j)	MW	$/MWh
1	Q_1	P_1
⋮	⋮	⋮
i	Q_i	P_i
i+1	$\overline{Q}$	$\overline{P}$
i+2	Q_N	$\overline{P}$

[1] If the Energy Offer Curve Cap is less than the lowest price of the energy offer curve, the AIEC is the Energy Offer Curve Cap. If the Energy Offer Curve Cap is greater than the highest price of the energy offer curve, then $\overline{Q}$ does not need to be calculated.

B. When $\overline{P} \geq P_N$:

Index (j)	MW	$/MWh
1	Q_1	P_1
⋮	⋮	⋮
N	Q_N	P_N

IV. Cleared offer on the capped Energy Offer Curve

A. When $\overline{P} < P_N$:

Q (MW), where $Q_j < Q \leq Q_{j+1}$ ($j = 1, \cdots, i, i+1$)

B. When $\overline{P} \geq P_N$:

Q (MW), where $Q_j < Q \leq Q_{j+1}$ ($j = 1, \cdots, N-1$)

V. Incremental energy price corresponding with cleared offer, on the capped Energy Offer Curve:

P ($/MWh), where $P = P_j + \frac{P_{j+1} - P_j}{Q_{j+1} - Q_j}(Q - Q_j)$

VI. AIEC corresponding with ($Q-Q_1>0$), on the capped Energy Offer Curve:

$$AIEC = \begin{cases} \dfrac{P_1 + P}{2}, \ for\ Q_1 < Q \leq Q_2 \\ \left[\sum_{k=1}^{j-1} \dfrac{P_k + P_{k+1}}{2}(Q_{k+1} - Q_k) + \dfrac{P_j + P}{2}(Q - Q_j) \right] \Big/ (Q - Q_1), \ for\ Q > Q_2 \end{cases}$$

ERCOT Nodal Protocols

Section 5: Transmission Security Analysis and Reliability Unit Commitment

September 26, 2013

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5 Transmission Security Analysis and Reliability Unit Commitment 5-1

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5 TRANSMISSION SECURITY ANALYSIS AND RELIABILITY UNIT COMMITMENT

5.1 Introduction

(1) Transmission security analysis and Reliability Unit Commitment (RUC) are used to ensure ERCOT System reliability and to ensure that enough Resource capacity, in addition to Ancillary Service capacity, is committed in the right locations to reliably serve the forecasted Load on the ERCOT System including Direct Current Tie (DC Tie) Load that has not been curtailed.

(2) ERCOT shall conduct at least one Day-Ahead RUC (DRUC) and at least one Hourly RUC (HRUC) before each hour of the Operating Day. ERCOT, in its sole discretion, may conduct a RUC at any time to evaluate and resolve reliability issues.

(3) The DRUC must be run after the close of the Day-Ahead Market (DAM).

(4) The DRUC uses Three-Part Supply Offers submitted before the DAM by Qualified Scheduling Entities (QSEs) that were considered in the DAM but not awarded in the DAM. A QSE may not submit a Three-Part Supply Offer to be considered in the DRUC unless the offer was also submitted for consideration in the DAM.

(5) ERCOT must initiate the HRUC process at least one hour before the Operating Hour to fine-tune the Resource commitments using updated Load forecasts and updated Outage information.

(6) The RUC Study Period for DRUC is the next Operating Day. The RUC Study Period for HRUC is the balance of the current Operating Day plus the next Operating Day if the DRUC for the Operating Day has been solved.

(7) HRUC may decommit Resources only to maintain the reliability of the ERCOT System.

(8) For each RUC Study Period, the RUC considers capacity requirements for each hour of the RUC Study Period with the objective of minimizing costs based on Three-Part Supply Offers and while substituting a proxy Energy Offer Curve for the Energy Offer Curve. The proxy Energy Offer Curve is calculated in a way that minimizes the effect of the proxy Energy Offer Curves on optimization.

(9) The calculated Resource commitments arising from each RUC process must be reviewed by ERCOT before issuing Dispatch Instructions to QSEs to commit, extend, or decommit Resources.

(10) The Security Sequence is a set of prerequisite processes for RUC that describes the key system components and inputs that are required to support the RUC process, the RUC process itself, and the ERCOT review of the Resource commitment recommendations made by the RUC process.

(11) The RUC process may not be used to buy Ancillary Service unless the Ancillary Service Offers submitted in the DAM are insufficient to meet the requirements of the Ancillary Service Plan.

(12) After the use of market processes to the fullest extent practicable without jeopardizing the reliability of the ERCOT System, any ERCOT Dispatch Instructions for additional capacity that order a QSE to commit a specific Generation Resource to be On-Line shall be considered a RUC Dispatch for the purpose of the Settlement of payments and charges related to the committed Generation Resource. An Operating Condition Notice (OCN), Advisory, Watch, or Emergency Notice requesting the available capacity of any currently available Generation Resources but not naming specific Generation Resources is not considered a RUC Dispatch for purposes of Settlement.

(13) ERCOT shall post on the Market Information System (MIS) Certified Area, for each Off-Line Generation Resource that may be selected by a RUC process, the current time since the Generation Resource last went Off-Line (in hours) and the corresponding start-up times ERCOT is using for each such Off-Line Generation Resource. The time since the Generation Resource last went Off-Line and start-up times shall be updated at least hourly.

(14) Prior to 1330 in the Day-Ahead, ERCOT may issue a Weekly Reliability Unit Commitment (WRUC) Verbal Dispatch Instruction (VDI) to inform a QSE that a Resource is required to be On-Line for all or part of a future Operating Day. Following the receipt of a WRUC:

(a) The QSE may self-commit the Resource for the WRUC-instructed hours by updating the Resource's Current Operating Plan (COP) to reflect the appropriate On-Line Resource Status for the WRUC-instructed hours prior to the DRUC process execution for the associated Operating Day. Resources that have been self-committed by a QSE in accordance with a WRUC:

(i) May have a Three-Part Supply Offer submitted into the DAM, and any of the WRUC-instructed hours in which the Three-Part Supply Offer is awarded in the DAM become DAM-Committed Intervals for the Resource and are settled accordingly; and

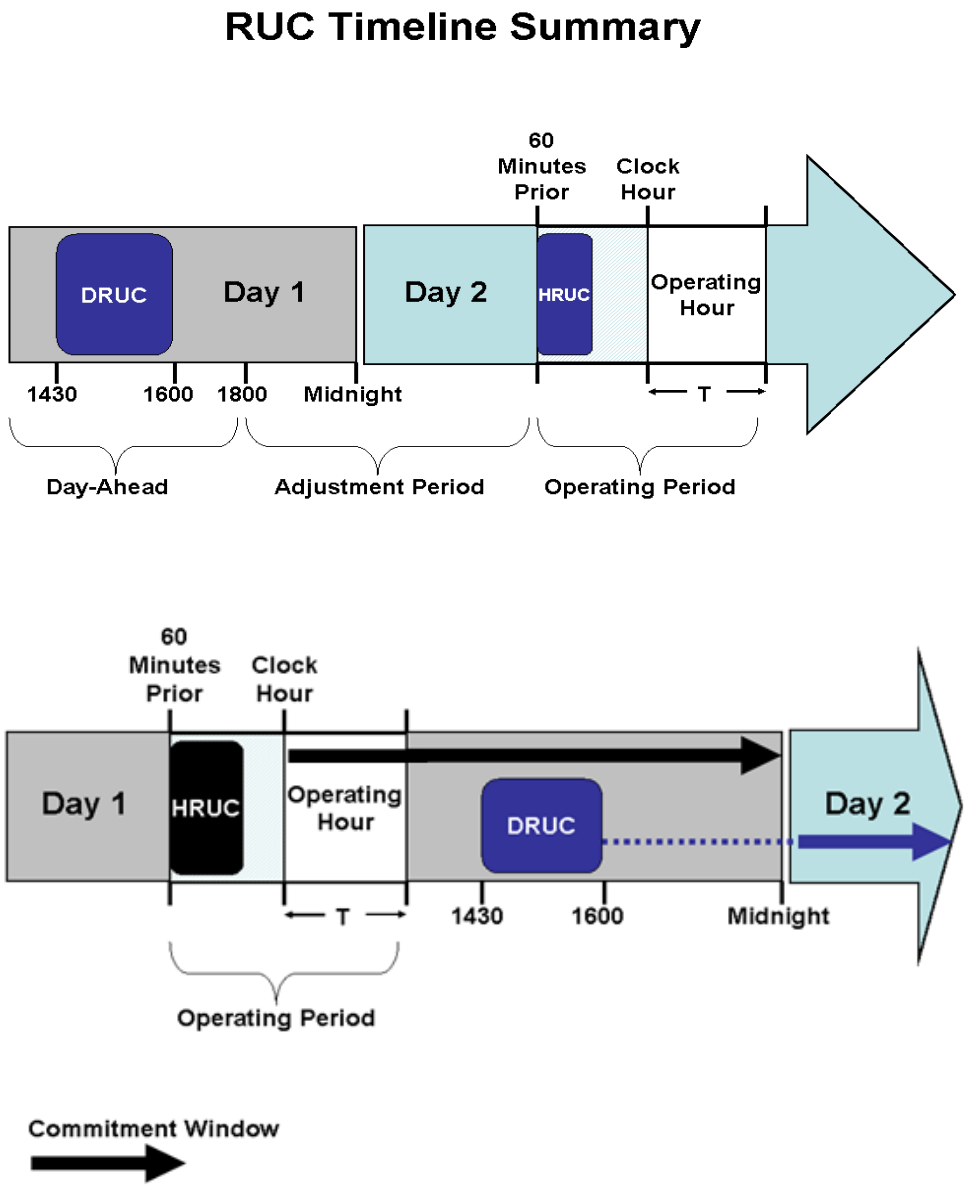
(ii) Will not be issued a RUC commitment for the WRUC-instructed hours that were self-committed or DAM-committed.

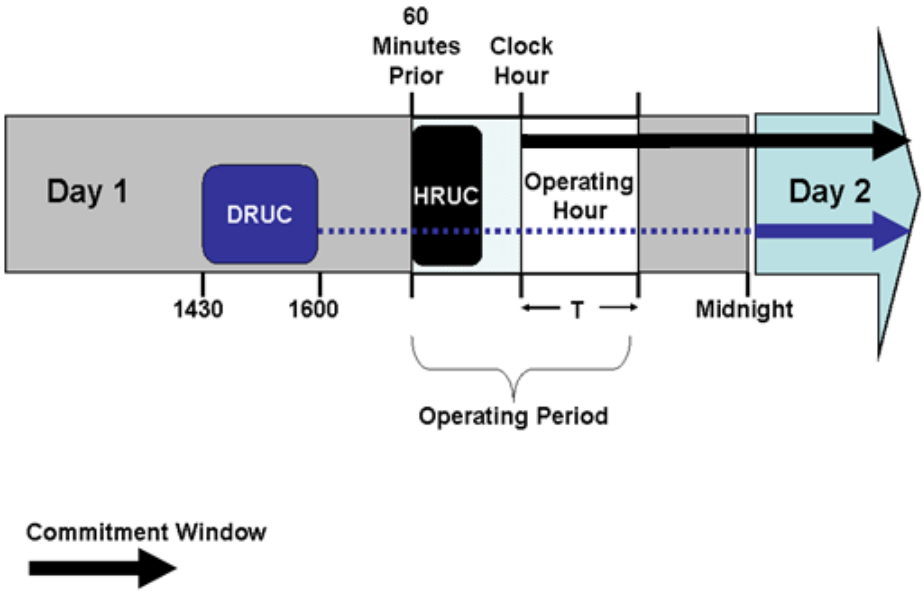
(b) ERCOT will commit the Resource as part of the DRUC process for the relevant Operating Day for all WRUC-instructed hours not DAM-committed or QSE self-committed. For all purposes, including RUC Settlement, the Resource will be considered as committed by the DRUC for these hours.

5.2 Reliability Unit Commitment Timeline Summary

5.2.1 RUC Normal Timeline Summary

The following Reliability Unit Commitment (RUC) Timeline Summary describes the normal timeline for RUC activities that occur in the Day-Ahead and Adjustment Periods.





5.2.2 RUC Process Timing Deviations

5.2.2.1 RUC Process Timeline After a Delay of the Day-Ahead Market

If the Day-Ahead Market (DAM) execution is delayed in accordance with Section 4.1.2, Day-Ahead Process and Timing Deviations, ERCOT shall conduct a Day-Ahead Reliability Unit Commitment (DRUC) after 1430 in the Day-Ahead and no earlier than one hour following the posting of DAM awards information on the Market Information System (MIS) Public Area as set forth in Section 4.5.3, Communicating DAM Results. In this event, ERCOT will use the Current Operating Plan (COP) and Trades Snapshot taken just prior to the execution of the DRUC to settle RUC charges.

5.2.2.2 RUC Process Timeline After an Aborted Day-Ahead Market

(1) If ERCOT aborts all or part of the Day Ahead process in accordance with Section 4.1.2, Day-Ahead Process and Timing Deviations, ERCOT shall use the following Supplemental Ancillary Services Market (SASM) process to purchase Ancillary Services for the next Operating Day and the Hourly Reliability Unit Commitment (HRUC) process described in this Section in lieu of the DRUC process.

(2) When the DAM is aborted, ERCOT shall include in the Emergency Condition notice required by paragraph (2) of Section 4.1.2 the time when it intends to conduct the SASM described in this Section 5.2.2.2 to procure the amounts of Ancillary Services necessary to meet the Ancillary Service Plan for the Operating Day affected by the aborted DAM. ERCOT shall allow at least one hour between the issuance of the Emergency Condition notice and the beginning of this SASM.

(3) After the issuance of the Emergency Condition notice described in paragraph (2) above and prior to the beginning of this SASM, a Qualified Scheduling Entity (QSE) may cancel unexpired Ancillary Service Offers that were submitted for the aborted DAM.

(4) A QSE may submit Ancillary Service Offers for this SASM after the issuance of the Emergency Condition notice described in paragraph (2) above and prior to the beginning of this SASM. For this SASM, these QSE Ancillary Service Offers shall not be subject to the provisions of Section 6.4.8.2.1, Resubmitting Offers for Ancillary Services in the Adjustment Period.

(5) For this SASM, the QSE must submit the Self-Arranged Ancillary Service Quantity for the next Operating Day in accordance with the timeline described in paragraph (8) below. This amount may be different from the self-arrangement amounts previously submitted for the aborted DAM.

(6) The amount of each Ancillary Service to be procured by ERCOT in this SASM is the amount of each Ancillary Service specified in the ERCOT Ancillary Service Plan posted prior to the aborted DAM less the total amount of each Ancillary Service in the QSE submittals for self-arranged Ancillary Services for this SASM.

(7) This SASM will settle in accordance with Section 6.7, Real-Time Settlement Calculations for the Ancillary Services.

(8) The SASM process for acquiring Ancillary Services in the event of an aborted Day-Ahead process shall be conducted in accordance with Section 6.4.8.2.2, SASM Clearing Process, but shall use the following activities and timeline with time "X" being the time specified by ERCOT for the beginning of the SASM process in the Emergency Condition notice described above.

SASM Process	**QSE Activities:**	**ERCOT Activities:**
Time = X		The time specified in the Emergency Condition notice for the SASM to begin.
Time = X plus 30 minutes	Must complete submission of Self-Arranged Ancillary Service Quantities limited to the additional Ancillary Service Obligation of the QSE.	Determine the amount of Ancillary Services to be procured.
Time = X plus 35 minutes		Execute SASM.
Time = X plus 45 minutes		Notify QSEs with awards of results. Post the quantities and Market Clearing Prices for Capacity (MCPCs) of Ancillary Services bought in the SASM.
Time = X plus 60 minutes	Submit updated COP with updated Ancillary Service Resource Responsibility.	Validate COPs for Ancillary Service Resource Responsibility.

(9) As soon as practicable, but no later than the time specified above, ERCOT shall notify each QSE of its awarded Ancillary Service Offer quantities, specifying Resource, Ancillary Service type, SASM MCPC, and the first and last hours of the awarded offer.

(10) As soon as practicable, but no later than the time specified above, ERCOT shall post on the MIS Public Area the hourly:

(a) SASM MCPC for each type of Ancillary Service for each hour;

(b) Total Ancillary Service procured in MW by Ancillary Service type for each hour; and

(c) Aggregated Ancillary Service Offer Curve for each Ancillary Service for each hour.

(11) No sooner than 1800 in the Day-Ahead and after the completion of the SASM process described in this Section 5.2.2.2, ERCOT shall execute an HRUC process.

(a) The RUC Study Period for this HRUC process is the balance of the current Operating Day plus the next Operating Day. This HRUC process may be a post-1800 HRUC for the current Operating Day.

(b) The COP and Trades Snapshot taken just prior to the execution of the HRUC process described in this Section 5.2.2.2 will be used to settle RUC charges in the Operating Day affected by the aborted DAM.

(c) This HRUC process described in this Section 5.2.2.2 may commit Resources to supply Ancillary Services if the Ancillary Service Offers submitted in the SASM described in this Section 5.2.2.2 are insufficient to meet the requirements of the Ancillary Services Plan in the Operating Day affected by the aborted DAM.

5.3 ERCOT Security Sequence Responsibilities

(1) ERCOT shall start the Day-Ahead Reliability Unit Commitment (DRUC) process at 1430 in the Day-Ahead.

(2) For each DRUC, ERCOT shall use a snapshot of Resource commitments taken at 1430 in the Day-Ahead for Reliability Unit Commitment (RUC) Settlement. For each Hourly Reliability Unit Commitment (HRUC), ERCOT shall use a snapshot of Resource commitments from each Qualified Scheduling Entity's (QSE's) most recently submitted Current Operating Plan (COP) before HRUC execution for RUC Settlement.

(3) For each RUC process, ERCOT shall:

(a) Execute the Security Sequence described in Section 5.5, Security Sequence, Including RUC, including:

(i) Validating Three-Part Supply Offers, defined in Section 4.4.9.1, Three-Part Supply Offers; and

(ii) Reviewing the Resource commitment recommendations made by the RUC algorithm; and

(b) Post to the Market Information System (MIS) Secure Area, all Resources that were committed or decommitted by the RUC process including verbal RUC commitments and decommitments and Weekly Reliability Unit Commitment (WRUC) instructions;

(c) Post to the MIS Public Area, all active and binding transmission constraints (contingency and overloaded element pair information where available) used as inputs to the RUC; and

(d) Issue Dispatch Instructions to notify each QSE of its Resource commitments or decommitments**.**

(4) ERCOT shall provide each QSE with the information necessary to pre-validate their data for DRUC and HRUC including:

(a) Publishing validation rules for offers, bids, and trades; and

(b) Posting any software documentation and code that is not Protected Information to the MIS Secure Area within five Business Days of receipt by ERCOT.

5.4 QSE Security Sequence Responsibilities

During the Security Sequence, each Qualified Scheduling Entity (QSE) must:

(1) Submit its Current Operating Plan (COP) and update its COP as required in Section 3.9, Current Operating Plan (COP);

(2) Submit any Three-Part Supply Offers before:

(a) 1000 in the Day-Ahead for the Day-Ahead Market (DAM) and Day-Ahead Reliability Unit Commitment (DRUC) being run in that Day-Ahead, if the QSE wants the offer to be used in those DAM and DRUC processes; and

(b) The end of the Adjustment Period for each Hourly Reliability Unit Commitment (HRUC), if the QSE wants the offer to be used in the HRUC process;

(3) Submit any Capacity Trades before 1430 in the Day-Ahead for the DRUC and before the end of the Adjustment Period for each HRUC, if the QSE wants those Capacity Trades included in the calculation of Reliability Unit Commitment (RUC) Settlement;

(4) Submit any Energy Trades and Direct Current Tie (DC Tie) Schedules corresponding to Electronic Tags (e-Tags) before 1430 in the Day-Ahead for the DRUC and by the end of the Adjustment Period for each HRUC; if the QSE wants those Energy Trades and DC Tie Schedules included in the calculation of RUC Settlement;

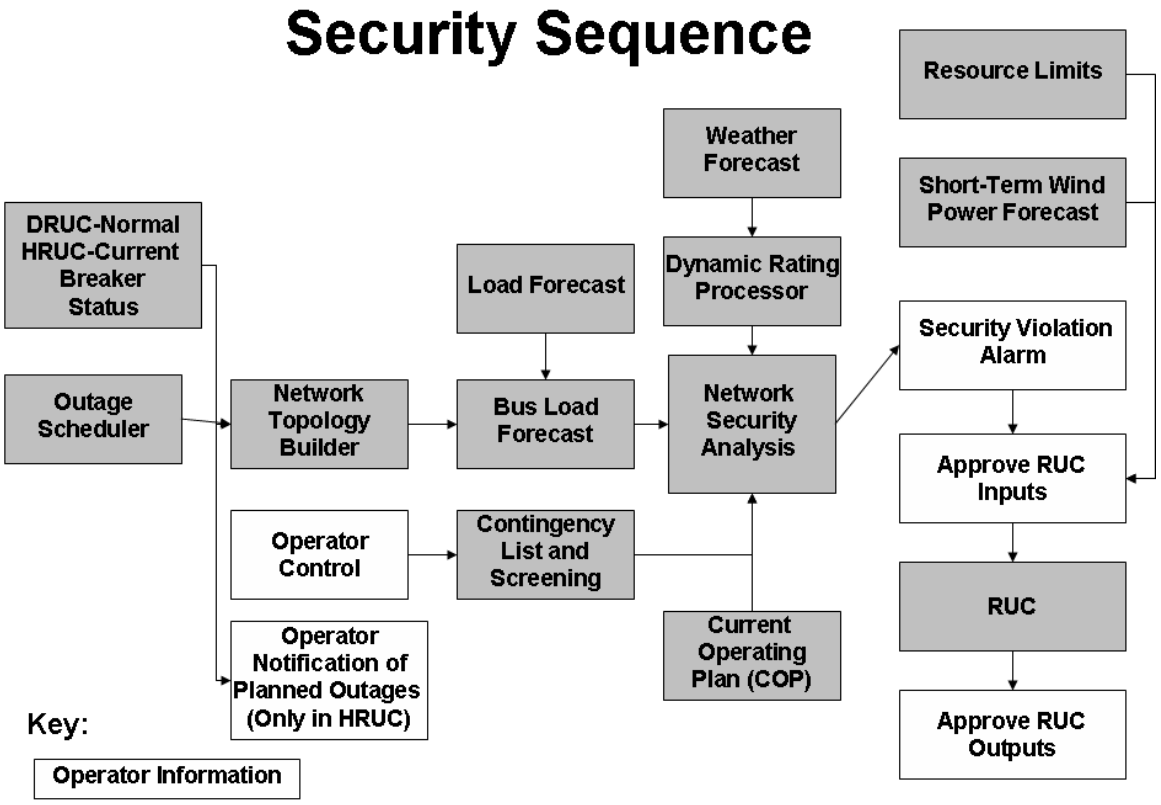
(5) Submit an updated COP before 1430 in the Day-Ahead that shows the specific Resources that will be used to supply the QSE's Ancillary Service Supply Responsibility; and

(6) Acknowledge receipt of Resource commitment or decommitment Dispatch Instructions by submitting an updated COP.

5.5 Security Sequence, Including RUC

5.5.1 Security Sequence

(1) The figure below highlights the key computational modules and processes that are used in the Security Sequence:



(2) The Security Sequence uses computational modules functionally similar to those used in Real-Time Sequence, however, the inputs into the Security Sequence are based on a snapshot of projected hourly system conditions and constraints rather than Real-Time data.

(3) The Security Sequence uses the status of all transmission breakers and switches (current status for the first hour and normal status for all other hours of Hourly Reliability Unit Commitment (HRUC) and normal status for all hours of Day-Ahead Reliability Unit Commitment (DRUC)), updated for approved Planned Outages for equipment out of service and returned to service for building a representation of the ERCOT Transmission Grid for each hour of the Reliability Unit Commitment (RUC) Study Period. The Network Topology Processor constructs a network model for each hour that must be used by the Bus Load Forecast to estimate the hourly Load for each transmission bus.

(4) The weather forecast obtained by ERCOT must be provided to the Dynamic Rating Processor to create weather-adjusted MVA limits for each hour of the RUC Study Period for all transmission lines and transformers that have Dynamic Ratings.

(5) ERCOT shall analyze base configuration, select n-1 contingencies and select n-2 contingencies under the Operating Guides. The Operating Guides must also specify the criteria by which ERCOT may remove contingencies from the list. ERCOT shall post to the Market Information System (MIS) Secure Area the standard contingency list, including identification of changes from previous versions before being used in the Security Sequence. ERCOT shall evaluate the need for Resource-specific deployments during Real-Time operations for management of congestion consistent with the Operating Guides.

(6) ERCOT shall also post to the MIS Secure Area any contingencies temporarily removed from the standard contingency list by ERCOT immediately after successful execution of the Security Sequence. ERCOT shall include the reason for removal of any contingency as soon as practicable but not later than one hour after removal.

(7) As part of the Network Security Analysis (NSA), for each hour of the RUC Study Period, ERCOT shall analyze all selected contingencies and perform the following:

(a) Perform full AC analysis of all contingencies;

(b) Monitor element and bus voltage limit violations; and

(c) Monitor transmission line and transformer security violations.

(8) As part of the NSA, if there is an approved Remedial Action Plan (RAP) available, it must be used before considering a Resource commitment.

(9) ERCOT shall review all security violations prior to RUC execution.

(10) ERCOT shall model all approved Special Protection Systems (SPSs) and RAPs in the contingency analysis. The computational modules must enable ERCOT to analyze contingencies, including the effects of all approved automatically deployed SPSs.

(11) ERCOT may deselect certain contingencies known to cause errors or that otherwise result in inconclusive study output in the RUC. On continued de-selection of contingencies, ERCOT shall prepare an analysis to determine the cause of the error. ERCOT may use

information from the Day-Ahead processes as decision support during the Hour-Ahead processes. ERCOT shall post to the MIS Secure Area any contingencies deselected by ERCOT and must include the reason for removal as soon as practicable, but not later than one hour after deselection.

5.5.2 Reliability Unit Commitment (RUC) Process

(1) The RUC process recommends commitment of Generation Resources, to match ERCOT's forecasted Load including Direct Current Tie (DC Tie) Schedules, subject to all transmission constraints and Resource performance characteristics. The RUC process takes into account Resources already committed in the Current Operating Plans (COPs), Resources already committed in previous RUCs, and Resource capacity already committed to provide Ancillary Service. The formulation of the RUC objective function must employ penalty factors on violations of security constraints. The objective of the RUC process is to minimize costs based on Three-Part Supply Offers, substituting a proxy Energy Offer Curve for the Energy Offer Curve, over the RUC Study Period.

(2) The RUC process can recommend Resource decommitment. ERCOT may only decommit a Resource to resolve transmission constraints that are otherwise unresolvable. Qualifying Facilities (QFs) may be decommitted only after all other types of Resources have been assessed for decommitment. In addition, the HRUC process provides decision support to ERCOT regarding a Resource decommitment requested by a Qualified Scheduling Entity (QSE).

(3) ERCOT shall review the RUC-recommended Resource commitments to assess feasibility and shall make any changes that it considers necessary, in its sole discretion. ERCOT may deselect Resources recommended in DRUC and in all HRUC processes if in ERCOT's sole discretion there is enough time to commit those Resources in the future HRUC processes, taking into account the Resources' start-up times, to meet ERCOT System reliability. After each RUC run, ERCOT shall post the amount of capacity deselected per hour in the RUC Study Period to the MIS Secure Area. A Generation Resource shown as On-Line and available for Security-Constrained Economic Dispatch (SCED) dispatch for an hour in its COP prior to a DRUC or HRUC process execution, according to Section 5.3, ERCOT Security Sequence Responsibilities, will be considered self-committed for that hour. For purpose of Settlement, snapshot data will be used as specified in paragraph (2) of Section 5.3. ERCOT shall issue RUC instructions to each QSE specifying its Resources that have been committed as a result of the RUC process. ERCOT shall, within one day after making any changes to the RUC-recommended commitments, post to the MIS Secure Area any changes that ERCOT made to the RUC-recommended commitments with an explanation of the changes.

(4) To determine the projected energy output level of each Resource and to project potential congestion patterns for each hour of the RUC, ERCOT shall calculate proxy Energy Offer Curves based on the Mitigated Offer Caps for the type of Resource as specified in Section 4.4.9.4, Mitigated Offer Cap and Mitigated Offer Floor, for use in the RUC. Proxy Energy Offer Curves are calculated by multiplying the Mitigated Offer Cap by a

constant selected by ERCOT from time to time that is no more than 0.10% and applying the cost for all Generation Resource output between High Sustained Limit (HSL) and Low Sustained Limit (LSL).

(5) ERCOT shall use the RUC process to evaluate the need to commit Resources for which a QSE has submitted Three-Part Supply Offers and other available Off-Line Resources in addition to Resources that are planned to be On-Line during the RUC Study Period. All of the above commitment information must be as specified in the QSE's COP.

(6) ERCOT shall create Three-Part Supply Offers for all Resources that did not submit a Three-Part Supply Offer, but are specified as available but Off-Line, excluding Resources with a Resource Status of EMR, in a QSE's COP. For such Resources, ERCOT shall use in the RUC process 150% of any approved verifiable Startup Cost and verifiable minimum-energy cost or if verifiable costs have not been approved, the applicable Resource Category Generic Startup Offer Cost and the applicable Resource Category Generic Minimum-Energy Offer Cost as described specified in Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps, registered with ERCOT. However for Settlement purposes, ERCOT shall use any approved verifiable Startup Costs and verifiable minimum-energy cost for such Resources, or if verifiable costs have not been approved, the applicable Resource Category Generic Startup Offer Cost and Generic Minimum-Energy Offer Cost.

(7) The RUC process must treat all Resource capacity providing Ancillary Service as unavailable for the RUC Study Period, unless that treatment leads to infeasibility (i.e., that capacity is needed to resolve some local transmission problem that cannot be resolved by any other means). In such cases, ERCOT shall inform each affected QSE of the amount of its Resource capacity that does not qualify to provide Ancillary Service, and the projected hours for which this is the case. In that event, the affected QSE may, under Section 6.4.8.1.2, Replacement of Undeliverable Ancillary Service Due to Transmission Constraints, either:

(a) Substitute capacity from Resources represented by that QSE;

(b) Substitute capacity from other QSEs using Ancillary Service Trades; or

(c) Ask ERCOT to replace the capacity.

(8) Factors included in the RUC process are:

(a) ERCOT System-wide hourly Load forecast allocated appropriately over Load buses;

(b) Transmission constraints – Transfer limits on energy flows through the electricity network;

(i) Thermal constraints – protect transmission facilities against thermal overload;

(ii) Generic constraints – protect the transmission system against transient instability, dynamic instability or voltage collapse;

(c) Planned transmission topology;

(d) Energy sufficiency constraints;

(e) Inputs from the COP, as appropriate;

(f) Inputs from Resource Parameters, as appropriate;

(g) Each Generation Resource's Minimum-Energy Offer and Startup Offer, from its Three-Part Supply Offer;

(h) Any Generation Resource that is Off-Line and available but does not have a Three-Part Supply Offer;

(i) Forced Outage information; and

(j) Inputs from the eight-day look ahead planning tool, which may potentially keep a unit On-Line (or start a unit for the next day) so that a unit minimum duration between starts does not limit the availability of the unit (for security reasons).

(9) The HRUC process and the DRUC process are as follows:

(a) The HRUC process uses current Resource Status for the initial condition for the first hour of the RUC Study Period. All HRUC processes use the projected status of transmission breakers and switches starting with current status and updated for each remaining hour in the study as indicated in the COP for Resources and in the Outage Scheduler for transmission elements.

(b) The DRUC process uses the Day-Ahead forecast of total ERCOT Load including DC Tie Schedules for each hour of the Operating Day. The HRUC process uses the current hourly forecast of total ERCOT Load including DC Tie Schedules for each hour in the RUC Study Period.

(c) The DRUC process uses the Day-Ahead weather forecast for each hour of the Operating Day. The HRUC process uses the weather forecast information for each hour of the balance of the RUC Study Period.

(10) A QSE that has one or more of its Resources RUC-committed to provide Ancillary Services must increase its Ancillary Service Supply Responsibility by the total amount of RUC-committed Ancillary Service quantities. The QSE may only use a RUC-committed Resource to meet its Ancillary Service Supply Responsibility during that Resource's RUC-Committed Interval if the Resource has been committed by the RUC process to provide Ancillary Service. The QSE shall indicate the exact amount and type of Ancillary Service for which it was committed as the Resource's Ancillary Service Resource Responsibility and Ancillary Services Schedule for the RUC-Committed

Intervals for both telemetry and COP information provided to ERCOT. Upon deployment of the Ancillary Services, the QSE shall adjust its Ancillary Services Schedule to reflect the amounts requested in the deployment.

(11) A QSE with a Resource that is not a Reliability Must-Run (RMR) Unit that has been committed in a RUC process or by a RUC Verbal Dispatch Instruction (VDI) may choose, at its sole discretion, to self-commit that Resource in lieu of the RUC instruction. The QSE must notify ERCOT of the intent to self-commit the Resource by filing a dispute for the Forced Outage or Startup Loading Failure of another Resource under the control of the same QSE that occurred in an hour for which the Resource received a RUC instruction, subject to verification and approval by ERCOT.

[NPRR416: Replace paragraph (11) above with the following upon system implementation:]

(11) A QSE with a Resource that is not a Reliability Must-Run (RMR) Unit that has been committed in a RUC process or by a RUC Verbal Dispatch Instruction (VDI) may choose, at its sole discretion, to self-commit that Resource in lieu of the RUC instruction. The QSE must notify ERCOT of the intent to self-commit the Resource by either:

(a) Setting the COP Resource Status to ONOPTOUT before the end of the Adjustment Period for the first hour of a contiguous block of RUC-Committed Hours that includes the RUC Buy-Back Hour. If an existing RUC instruction is extended by a later RUC instruction, all contiguous RUC-Committed Hours shall be treated as one block; or

(b) Filing a dispute for the Forced Outage or Startup Loading Failure of another Resource under the control of the same QSE that occurred in an hour for which the Resource received a RUC instruction, subject to verification and approval by ERCOT.

(12) If a QSE self-commits a Resource pursuant to the criteria in paragraph (11) above, then:

(a) For purposes of Settlement, all hours in the contiguous block of RUC-Committed Hours that includes the RUC Buy-Back Hour shall be considered RUC Buy-Back Hours; and

(b) RUC Settlement compensation shall be forfeited in all RUC Buy-Back Hours.

[NPRR416: Insert paragraph (13) below upon system implementation:]

(13) ERCOT shall, as soon as practicable, post to the MIS Secure Area a report identifying those hours that were considered as RUC Buy-Back Hours. The Resources included in the report shall only include those Resources that were self-committed pursuant to paragraph (11)(a) above.

5.5.3 Communication of RUC Commitments and Decommitments

(1) The output of the RUC process is the cleared Resource commitments and decommitments.

(2) ERCOT shall notify each QSE in the Day-Ahead of the DRUC Resource commitments and advisory decommitments that have been cleared by the RUC for the Resources that QSE represents. ERCOT shall notify each QSE of the HRUC Resource commitments and decommitments that have been cleared by the RUC for the Resources that QSE represents. Resource commitments must include the start interval and duration for which the Resource is required to be at least at LSL. Resource decommitments must include the interval in which the Resource is required to be Off-Line, duration, and reason for the decommitment.

(3) If ERCOT communicates HRUC commitments and decommitments verbally to a QSE, then the same Resource attributes communicated programmatically must be communicated when ERCOT gives a verbal Resource commitment or decommitment.

(4) The QSE shall acknowledge the notice or commitment or decommittment by changing the Resource Status of the affected Resources in the COP for RUC-Committed Intervals.

(5) At any time during the Adjustment Period, ERCOT shall notify the QSE representing an RMR Unit or a Synchronous Condenser Unit of any modification to the Delivery Plan for the RMR Unit or the Synchronous Condenser Unit made as a result of an HRUC process.

5.6 RUC Cost Eligibility

5.6.1 Verifiable Costs

(1) The Qualified Scheduling Entity (QSE) is responsible for submitting verifiable costs unless both the QSE and Resource Entity agree that the Resource Entity will have this responsibility, in which case both the QSE and Resource Entity shall submit an affidavit to ERCOT stating this arrangement. Notwithstanding the foregoing, QSEs that submit Power Purchase or Tolling Agreements (PPAs) do not have the option of allowing Resource Entities to file verifiable costs.

(2) Make-Whole Payments for a Resource are based on the Startup Offers and Minimum-Energy Offers for the Resource, limited by caps. Until ERCOT approves verifiable unit-specific costs for that Resource, the caps are the Resource Category Startup Generic Cap and the Resource Category Minimum-Energy Generic Cap. When ERCOT approves verifiable unit-specific costs for that Resource the caps are those verifiable unit-specific costs. A QSE or Resource Entity may file verifiable unit-specific costs for a Resource at any time, but it must file those costs no later than 30 days after five Reliability Unit Commitment (RUC) events for that Resource in a calendar year. A RUC event begins when a Resource receives a RUC instruction to come or stay On-Line and ends the later

of when the Resource shuts down or the end of the Operating Day. The most recent ERCOT-approved verifiable costs must be used going forward.

(3) These unit-specific verifiable costs may include and are limited to the following average incremental costs:

(a) Allocation of maintenance requirements based on number of starts between maintenance events using, at the option of the QSE or Resource Entity, either:

(i) Manufacturer-recommended maintenance schedule;

(ii) Historical data for the unit and actual maintenance practices; or

(iii) Another method approved in advance by ERCOT in writing;

(b) Startup fuel calculations based on recorded actual measured flows when the data is available or based on averages of historical flows for similar starts (for example, hot, cold, intermediate) when actual data is not available. Startup fuel will include filing separately the startup fuel required to reach breaker close and fuel after breaker close to Low Sustained Limit (LSL). Any fuel required to shutdown a Resource will be submitted as the fuel from breaker open to shutdown;

(c) Operation costs;

(d) Chemical costs;

(e) Water costs; and

(f) Emission credits.

(4) Standard Operations and Maintenance (O&M) costs pursuant to paragraph (6) below may be used in lieu of the incremental O&M costs set forth in items (3)(a), (c), (d) and (e) above.

(5) These unit-specific verifiable costs may not include:

(a) Fixed costs, which are any cost that is incurred regardless of whether the unit is deployed or not; and

(b) Costs for which the QSE or Resource Entity cannot provide sufficient documentation for ERCOT to verify the costs.

(6) At their election, QSEs or Resource Entities may receive standard O&M costs for both startup and minimum energy. This election may be made by submitting an election form to ERCOT. If a QSE or Resource has received final approval for actual verifiable O&M costs under the verifiable cost process, it may not elect to receive standard O&M costs.

(a) Until December 31, 2011, standard O&M costs are defined as follows:

Resource Category Start Year = 2009	**Cold Startup ($/start)**	**Intermediate Startup ($/start)**	**Hot Startup ($/start)**	**Variable O&M ($/MWh)**
Aeroderivative simple cycle commissioned after 1996	1,000.00	1,000.00	1,000.00	3.94
Reciprocating Engine	$58/MW * the average of the Seasonal net max sustainable ratings	$58/MW * the average of the Seasonal net max sustainable ratings	$58/MW * the average of the Seasonal net max sustainable ratings	5.09
Simple cycle ≤ 90 MW	2,300.00	2,300.00	2,300.00	3.94
Simple cycle ≥ 90 MW	5,000.00	5,000.00	5,000.00	3.94
Combined cycle: for each Combined-Cycle Configuration, the Startup Cost for that configuration is the sum of the Startup Costs for each unit within that configuration as follows:				3.19
Combustion turbine < 90 MW	2,300.00	2,300.00	2,300.00	
Combustion turbine ≥ 90 MW	5,000.00	5,000.00	5,000.00	
Steam turbine	3,000.00	2,250.00	1,250.00	
Gas-steam non-reheat boiler	2,310.00	1,732.50	866.25	7.08
Gas-steam reheat boiler	3,000.00	2,250.00	1,125.00	7.08
Gas-steam supercritical boiler	4,800.00	3,600.00	1,800.00	7.08
Nuclear, coal, lignite and hydro	7,200.00	5,400.00	2,700.00	5.02
Renewable	Not Applicable	Not Applicable	Not Applicable	5.50

(b) For the period beginning January 1, 2012 and ending December 31, 2012, standard O&M costs shall be reduced by 10% from the levels specified in the table in paragraph (a) above as follows:

Resource Category Start Year = 2009	**Cold Startup ($/start)**	**Intermediate Startup ($/start)**	**Hot Startup ($/start)**	**Variable O&M ($/MWh)**
Aeroderivative simple cycle commissioned after 1996	900.00	900.00	900.00	3.55
Reciprocating Engine	$52.20/MW * the average of the Seasonal net max sustainable ratings	$52.20/MW * the average of the Seasonal net max sustainable ratings	$52.20/MW * the average of the Seasonal net max sustainable ratings	4.58
Simple cycle ≤ 90 MW	2,070.00	2,070.00	2,070.00	3.55
Simple cycle ≥ 90 MW	4,500.00	4,500.00	4,500.00	3.55

Resource Category Start Year = 2009	Cold Startup ($/start)	Intermediate Startup ($/start)	Hot Startup ($/start)	Variable O&M ($/MWh)
Combined cycle: for each Combined-Cycle Configuration, the Startup Cost for that configuration is the sum of the Startup Costs for each unit within that configuration as follows:				2.87
Combustion turbine < 90 MW	2,070.00	2,070.00	2,070.00	
Combustion turbine ≥ 90 MW	4,500.00	4,500.00	4,500.00	
Steam turbine	2,700.00	2,025.00	1,125.00	
Gas-steam non-reheat boiler	2,079.00	1,559.25	779.63	6.37
Gas-steam reheat boiler	2,700.00	2,025.00	1,012.50	6.37
Gas-steam supercritical boiler	4,320.00	3,240.00	1,620.00	6.37
Nuclear, coal, lignite and hydro	6,480.00	4,860.00	2,430.00	4.52
Renewable	Not Applicable	Not Applicable	Not Applicable	4.95

(c) Beginning January 1, 2013 and going forward, standard O&M costs shall be reduced by 20% from the levels specified in the table in paragraph (a) above as follows:

Resource Category Start Year = 2009	Cold Startup ($/start)	Intermediate Startup ($/start)	Hot Startup ($/start)	Variable O&M ($/MWh)
Aeroderivative simple cycle commissioned after 1996	800.00	800.00	800.00	3.15
Reciprocating Engine	$46.40/MW * the average of the Seasonal net max sustainable ratings	$46.40 /MW * the average of the Seasonal net max sustainable ratings	$46.40 /MW * the average of the Seasonal net max sustainable ratings	4.07
Simple cycle ≤ 90 MW	1,840.00	1,840.00	1,840.00	3.15
Simple cycle ≥ 90 MW	4,000.00	4,000.00	4,000.00	3.15
Combined cycle: for each Combined-Cycle Configuration, the Startup Cost for that configuration is the sum of the Startup Costs for each unit within that configuration as follows:				2.55
Combustion turbine < 90 MW	1,840.00	1,840.00	1,840.00	
Combustion turbine ≥ 90 MW	4,000.00	4,000.00	4,000.00	

Resource Category Start Year = 2009	Cold Startup ($/start)	Intermediate Startup ($/start)	Hot Startup ($/start)	Variable O&M ($/MWh)
Steam turbine	2,400.00	1,800.00	1,000.00	
Gas-steam non-reheat boiler	1,848.00	1,386.00	693.00	5.66
Gas-steam reheat boiler	2,400.00	1,800.00	900.00	5.66
Gas-steam supercritical boiler	3,840.00	2,880.00	1,440.00	5.66
Nuclear, coal, lignite and hydro	5,760.00	4,320.00	2,160.00	4.02
Renewable	Not Applicable	Not Applicable	Not Applicable	4.40

(d) If the QSE or Resource Entity chooses to utilize the standard O&M costs for O&M, standard O&M costs will be used by ERCOT going forward until either:

(i) Verifiable variable O&M costs are filed; or

(ii) ERCOT notifies the QSE or Resource Entity to update its verifiable costs as set forth in either paragraph (9) or (10) below. If a Resource is receiving standard O&M costs, it may reelect standard O&M costs when resubmitting verifiable costs.

(7) When submitting verifiable costs for combined cycle Resources, the QSE or Resource Entity must elect standard O&M costs for all Combined-Cycle Configurations or verifiable costs for all Combined-Cycle Configurations within the combined cycle train.

(8) QSEs submitting PPAs as Resource-specific verifiable costs documentation are subject to the guidelines detailed below and in the Verifiable Cost Manual.

(a) Only QSEs offering Three-Part Supply Offers for a specific Resource may submit a PPA as verifiable costs documentation.

(b) A QSE submitting a PPA as verifiable costs documentation must represent 100% of the Resource's capacity.

(c) Only PPAs:

(i) Signed prior to July 16, 2008; and

(ii) Not between Affiliates, subsidiaries or partners will be accepted as verifiable cost documentation.

(d) Verifiable costs for PPAs shall be capped at the level of the highest comparable Resource (referred to as the reference Resource) specific verifiable costs approved by ERCOT without a PPA. The ERCOT approved verifiable costs for a PPA shall be equal to the lesser of:

(i) The cap as described in paragraph (d) above; and

(ii) The costs from the PPA.

(e) ERCOT shall use the Resource actual fuel costs submitted by the QSE for startup and operation at minimum-energy level (LSL), and shall use the Resource Category Startup Offer Generic Costs as the cap for the O&M portion of the Startup Costs until ERCOT receives and approves comparable Resource specific verifiable costs.

(f) PPAs will no longer be accepted as verifiable cost documentation after the primary term of the contract expires.

(g) ERCOT shall produce a report each April that provides the percentage of RUC Make-Whole Payments for Resources with PPAs during the 12 months of the previous calendar year. The report shall be based on the final Settlements and include the total number of Resources that used a PPA for their most recent verifiable cost submission that was approved by ERCOT. ERCOT shall present the results of this study to the appropriate Technical Advisory Committee (TAC) subcommittee.

(h) Notwithstanding anything to the contrary in this Section 5.6.1, QSEs representing PPAs may, at any time, submit data from a Resource as verifiable costs documentation and such documentation will be accepted for consideration by ERCOT. A QSE submitting verifiable costs documentation pursuant to this paragraph shall not be required to submit a PPA to ERCOT for consideration for verifiable cost recovery.

(9) ERCOT shall notify a QSE to update verifiable cost data of a Resource when the Resource has received more than 50 RUC instructions meeting the criteria in Section 5.6.2, RUC Startup Cost Eligibility, in a year, but ERCOT may not request an update more frequently than annually.

(10) ERCOT shall notify a QSE to update verifiable cost data of a Resource if at least five years have passed since ERCOT previously approved verifiable cost data for that Resource.

(11) Within 30 days after receiving an update Notice from ERCOT under either paragraph (9) or (10) above, a QSE or Resource Entity must submit verifiable cost data for the Resource. Despite the provisions in paragraph (2) above, if the QSE or Resource Entity does not submit verifiable cost data within 30 days after receiving an update Notice, then, for all Operating Days until updated verifiable costs are approved, ERCOT shall determine payment using the lower of:

(a) Resource Category Startup Generic and Resource Category Minimum-Energy Generic Caps; and

(b) Current ERCOT-approved verifiable startup and minimum-energy costs.

(12) Resource Entities that represent Reliability Must-Run (RMR) Resources shall submit to ERCOT, Startup and variable O&M Cost estimates to be used by ERCOT as proxies for verifiable Startup Cost and minimum-energy verifiable cost and for Settlement. The ERCOT-approved verifiable Startup Cost estimate will equal the startup fuel estimate times the sum of the appropriate Fuel Index Price (FIP) or Fuel Oil Price (FOP) and the fuel adder, plus the startup O&M. The ERCOT-approved minimum-energy verifiable cost estimate will equal the heat rate from the RMR Agreement contract times the sum of the appropriate FIP or FOP and the fuel adder, plus the variable O&M. The O&M cost estimates shall be revised monthly to be consistent with the latest actual costs for the RMR Unit submitted in accordance with Section 3.14.1.12, Reporting Actual Eligible Cost. The O&M values will be effective until updated costs have been submitted to ERCOT.

5.6.1.1 Verifiable Startup Costs

The unit-specific verifiable costs for starting a Resource for each cold, intermediate, and hot start condition, as determined using the data submitted under Section 5.6.1, Verifiable Costs, and the Resource Parameters for the Resource are:

(a) Actual fuel consumption rate per start (MMBtu/start) multiplied by a resource fuel price plus consideration of a fuel adder that compensates for the transportation and purchasing of spot fuel as described in the Verifiable Cost Manual; and

(b) Unit-specific verifiable or standard O&M expenses.

5.6.1.2 Verifiable Minimum-Energy Costs

(1) The unit-specific verifiable minimum-energy costs for a Resource are:

(a) Actual fuel cost to operate the unit at its LSL including a fuel adder that compensates for the transportation and purchasing of spot fuel as described in the Verifiable Cost Manual; plus

(b) Verifiable or standard variable O&M expenses.

(2) The QSE must submit the Resource's cost information by Season if the Resource's costs vary by Season. For gas-fired units, the actual fuel costs must be calculated using the actual Seasonal heat rate (which must be supplied to ERCOT with Seasonal heat-rate test data) multiplied by the fuel price plus consideration of a fuel adder that compensates for the transportation and purchasing of spot fuel as described in the Verifiable Cost Manual. For coal- and lignite-fired units, the actual fuel costs must be calculated using the actual Seasonal heat rate multiplied by a deemed fuel price of $1.50 per MMBtu. For fuel oil-fired operations, the number of gallons burned must be multiplied by the FOP.

5.6.2 RUC Startup Cost Eligibility

(1) For purposes of this Section 5.6.2, all contiguous RUC-Committed Hours are considered as one RUC instruction. For each Resource, only one Startup Cost is eligible per block of contiguous RUC-Committed Hours.

(2) For a Resource's Startup Costs in the Operating Day, per RUC instruction, to be included in the calculation of the RUC guarantee for that Operating Day, all the criteria below must be met:

(a) According to the Current Operating Plan (COP) and Trades Snapshot for the RUC process that committed the Resource, the Resource must not be QSE-committed in the Settlement Interval immediately before the designated start hour or after the last hour of the RUC instruction;

(b) A later RUC instruction or QSE commitment must not connect the designated start hour or last hour of the RUC instruction to a block of QSE-committed Intervals that was QSE-committed before the RUC instruction was given, according to the COP and Trades Snapshot for the RUC process that committed the Resource;

(c) The generation breakers must have been open, as indicated by a telemetered Resource status of Off-Line, for at least five minutes during the six hours preceding the first RUC-Committed Hour; and

(d) The generation breakers must have been closed, as indicated by a telemetered Resource status of On-Line, for at least one minute during the RUC commitment period or after the determined five-minute open breaker, as indicated by a telemetered Resource status of Off-Line, in the six hours preceding the first RUC-Committed Hour.

5.6.3 Forced Outage of a RUC-Committed Resource

(1) The calculation of a Make-Whole Payment for a RUC-committed Resource that is eligible to receive startup costs under Section 5.6.2, RUC Startup Cost Eligibility, and that experiences a Forced Outage after unit synchronization is governed by Section 5.6.2.

(2) If a RUC-committed Resource, which Resource is eligible to include startup costs in its RUC guarantee under Section 5.6.2 without considering the criteria in item (2)(d) of Section 5.6.2, that experiences startup failure that creates a Forced Outage before breaker close, ERCOT shall include the Resource's submitted and approved verifiable actual costs in the Resource's RUC guarantee, limited to the lesser of:

(a) Costs that qualify as normal startup expenses, including fuel and operation and maintenance expenses, incurred before the event that caused the Forced Outage; or

(b) Resource's Startup Offer in the RUC.

(3) The process for determining the verifiable actual costs for a startup attempt under item (2) above must be developed by ERCOT, approved by the appropriate TAC subcommittee, and posted to the MIS Secure Area within one Business Day after initial approval and after each approved change.

(4) The verifiable actual costs for a startup attempt under item (2) above shall only be included in the Resource's RUC guarantee upon QSE notification of the startup attempt under item (2) and approval of the verifiable actual costs under item (3) above.

5.6.4 Cancellation of a RUC Commitment

(1) The calculation of payment for a RUC-committed Resource that is issued a RUC Cancellation instruction for the RUC commitment from ERCOT prior to breaker close shall be paid through the RUC Decommitment Payment as described in Section 5.7.3, Payment When ERCOT Decommits a QSE-Committed Resource.

(2) A RUC-committed Resource that receives a RUC Cancellation instruction prior to breaker close may submit through the dispute process all incremental expenses associated with the RUC Cancellation of the RUC-committed Resource. These costs include all costs that qualify as normal Startup Costs, O&M expenses and associated fuel expenses incurred for the attempted start.

(3) The process for determining the verifiable actual costs for a RUC cancellation must be developed by ERCOT, approved by the appropriate TAC subcommittee, and posted to the MIS Secure Area within one Business Day after initial approval and after each approved change.

5.7 Settlement for RUC Process

5.7.1 RUC Make-Whole Payment

(1) To make up the difference when the revenues that a Reliability Unit Commitment (RUC)-committed Resource receives are less than its costs as described in paragraph (2) below, ERCOT shall calculate a RUC Make-Whole Payment for that Operating Day for that Resource (whether committed by Day-Ahead RUC (DRUC) or Hourly RUC (HRUC)).

(2) ERCOT shall pay to the Qualified Scheduling Entity (QSE) for the Resource a Make-Whole Payment if the RUC Guarantee calculated in Section 5.7.1.1, RUC Guarantee, is greater than the sum of:

(a) RUC Minimum-Energy Revenue calculated in Section 5.7.1.2, RUC Minimum-Energy Revenue;

(b) Revenue less cost above Low Sustained Limited (LSL) during RUC-Committed Hours calculated in Section 5.7.1.3, Revenue Less Cost Above LSL During RUC-Committed Hours; and

(c) Revenue less cost during QSE Clawback Intervals calculated in Section 5.7.1.4, Revenue Less Cost During QSE Clawback Intervals.

(3) The RUC Make-Whole Payment to the QSE for each RUC-committed Resource, including Reliability Must-Run (RMR) Units, for each RUC-Committed Hour in an Operating Day is calculated as follows:

$$RUCMWAMT_{q,r,h} = (-1) * Max (0, RUCG_{q,r,d} - RUCMEREV_{q,r,d} - RUCEXRR_{q,r,d} - RUCEXRQC_{q,r,d}) / RUCHR_{q,r,d}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCMWAMT_{q,r,h}$	$	*RUC Make-Whole Payment*—The RUC Make-Whole Payment to the QSE for Resource *r*, for each RUC-Committed Hour of the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, payment is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCG_{q,r,d}$	$	*RUC Guarantee*—The sum of eligible Startup Costs and minimum-energy costs for Resource *r* during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.1. When one or more Combined Cycle Generation Resources are committed by RUC, guaranteed costs are calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCMEREV_{q,r,d}$	$	*RUC Minimum-Energy Revenue*—The sum of the energy revenues for Resource *r*'s generation up to LSL during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.2. When one or more Combined Cycle Generation Resources are committed by RUC, minimum-energy revenue is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCEXRR_{q,r,d}$	$	*Revenue Less Cost Above LSL During RUC-Committed Hours*—The sum of the total revenue for Resource *r* operating above its LSL less the cost during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.3. When one or more Combined Cycle Generation Resources are committed by RUC, revenue less cost above LSL is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCEXRQC_{q,r,d}$	$	*Revenue Less Cost During QSE Clawback Intervals*—The sum of the total revenue for Resource *r* less the cost during all QSE Clawback Intervals, for the Operating Day. See Section 5.7.1.4. When one or more Combined Cycle Generation Resources are committed by RUC, revenue less cost during QSE Clawback Intervals is calculated for the Combined Cycle Train for all Combined Cycle Generation Resources earning revenue in QSE Clawback Intervals.
$RUCHR_{q,r,d}$	None	RUC Hour—The total number of RUC-Committed Hours, for Resource *r* for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, the total number of RUC-Committed Hours is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
q	None	A QSE.

Variable	Unit	Definition
r	None	A RUC-committed Generation Resource.
d	None	An Operating Day containing the RUC-commitment.
h	None	An hour in the RUC-commitment period.

5.7.1.1 RUC Guarantee

(1) The allowable Startup Costs and minimum-energy costs of a Resource committed by RUC is the RUC Guarantee. The RUC Guarantee minimum-energy costs are prorated according to the actual generation when the Resource's average output during a 15-minute Settlement Interval is below the corresponding LSL.

(2) The SUPR, MEPR and LSL used to calculate the RUC Guarantee for a Combined Cycle Train are the SUPR, MEPR and LSL that correspond to the Combined Cycle Generation Resource, within the Combined Cycle Train, that is RUC-committed for the hour.

(3) For an Aggregate Generation Resource (AGR), the Startup Cost shall be scaled according to the maximum number of its generators online during a contiguous block of RUC-committed intervals, as indicated by telemetry, compared to the total number of generators registered to the AGR and used in the approved verifiable cost for the AGR.

(4) The RUC Guarantee is calculated for non-Combined Cycle Trains as follows:

$$RUCG_{q,r,d} = \sum_{s} (SUPR_{q,r,s} * RUCSUFLAG_{q,r,s}) + \sum_{i} (MEPR_{q,r,i} * Min ((LSL_{q,r,i} * (¼)), RTMG_{q,r,i}))$$

(5) The RUC Guarantee is calculated for Combined Cycle Trains as follows:

$$RUCG_{q,r,d} = (SUPR_{q,r,s} * RUCSUFLAG_{q,r,s}) + \sum_{t} (MAX (0, SUPR - SUPR)) + \sum_{i} (MEPR_{q\,r,i} * Min ((LSL_{q,r,i} * (¼)), RTMG_{q,r\,i}))$$

(a) If a Combined Cycle Train transitions to a RUC-committed configuration from a QSE-committed or other RUC-committed configuration, the transition is calculated as follows:

$$MAX (0, SUPR_{afterCCGR} - SUPR_{beforeCCGR})$$

(b) If a Combined Cycle Train transitions to a QSE-committed configuration from a RUC-committed configuration, the transition is calculated as follows:

$$MAX (0, SUPR_{beforeCCGR} - SUPR_{afterCCGR})$$

(6) If a validated Three-Part Supply Offer has been submitted for a Resource for the RUC, then the RUC Guarantee for that Resource is based on the Startup Offer and Minimum-Energy Offer in that validated Three-Part Supply Offer. If a validated Three-Part Supply Offer has not been submitted for a Resource for the RUC and ERCOT has not yet approved verifiable unit-specific costs for the Resource, then the RUC Guarantee for a Resource is based on the Resource Category Startup Generic Cap and the Resource Category Minimum-Energy Generic Cap. If a validated Three-Part Supply Offer has not been submitted for a Resource for the RUC and ERCOT has approved verifiable unit-specific costs for the Resource, then the RUC Guarantee for a Resource is based on the most recent ERCOT-approved verifiable unit-specific costs for that Resource.

For a Resource which is not an AGR,

If the QSE submitted a validated Three-Part Supply Offer,

Then,	$SUPR_{q,r,s}$	=	$SUO_{q,r,s}$
	$MEPR_{q,r,i}$	=	$MEO_{q,r,i}$
Otherwise,	$SUPR_{q,r,s}$	=	$SUCAP_{q,r,s}$
	$MEPR_{q,r,i}$	=	$MECAP_{q,r,i}$

If ERCOT has approved verifiable Startup Costs and minimum-energy costs for the Resource,

Then,	$SUCAP_{q,r,s}$	=	verifiable Startup Costs $_{q,r,s}$
	$MECAP_{q,r,i}$	=	verifiable minimum-energy costs $_{q,r,i}$
Otherwise,	$SUCAP_{q,r,s}$	=	$RCGSC_{s}$
	$MECAP_{q,r,i}$	=	$RCGMEC_{i}$

For AGRs,

If the QSE submitted a validated Three-Part Supply Offer,

Then,	$SUPR_{q,r,s}$	=	$Min(SUO_{q,r,s}, SUCAP_{q,r,s})$
	$MEPR_{q,r,i}$	=	$MEO_{q,r,i}$
Otherwise,	$SUPR_{q,r,s}$	=	$SUCAP_{q,r,s}$
	$MEPR_{q,r,i}$	=	$MECAP_{q,r,i}$

If ERCOT has approved verifiable Startup Costs and minimum-energy costs for the Resource,

Then, $SUCAP_{q, r, s}$ = Max_{c} ($AGRRATIO_{q, p, r}$) * verifiable Startup Costs $_{q, r, s}$

$MECAP_{q,r,i}$ = verifiable minimum-energy costs $_{q, r, i}$

Where, $AGRRATIO_{q,p,r}$ = $AGRMAXON_{q, p, r}$ / $AGRTOT_{q, p, r}$

Otherwise, $SUCAP_{q, r, s}$ = Max_{c} ($AGRRATIO_{q, p, r}$) * $RCGSC_{s}$

$MECAP_{q, r, i}$ = $RCGMEC_{i}$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCG_{q,r,d}$	$	*RUC Guarantee*—The sum of eligible Startup Costs and minimum-energy costs for Resource *r* during all RUC-Committed Hours, for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, guaranteed costs are calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$SUPR_{q,r,s}$	$/Start	*Startup Price per start*—The settlement price for Resource *r* for the start *s*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$SUO_{q,r,s}$	$/Start	*Startup Offer per start*—Represents an offer for all costs incurred by Generation Resource *r* in starting up and reaching the Resource's LSL, minus the average energy produced during the time period between breaker close and LSL multiplied by the heat rate proxy multiplied by the appropriate Fuel Index Price (FIP) or Fuel Oil Price (FOP), as described in the Verifiable Cost Manual. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$SUCAP_{q,r,s}$	$/Start	*Startup Cap*—The amount used for Resource *r* as Startup Costs if the QSE did not submit a validated Three-Part Supply Offer. The cap is the RCGSC unless ERCOT has approved verifiable unit-specific Startup Costs for that Resource, in which case the startup cap is the verifiable unit-specific Startup Cost. See Section 5.6.1, Verifiable Costs, for more information on verifiable costs. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$AGRRATIO_{q, p, r}$	none	*Aggregate Generation Resource Ratio per QSE per Settlement Point per Aggregate Generation Resource*—A value which represents the ratio of the maximum number of generators online during an hour, as indicated by telemetry, compared to the total number of generators registered to the AGR and used in the approved verifiable cost for the AGR. The value is only applicable if the Resource is an AGR.
$AGRMAXON_{q, p, r}$	none	*Aggregate Generation Resource Maximum Online per QSE per Settlement Point per Aggregate Generation Resource*—The maximum number of generators online during an hour, as indicated by telemetry. The value is only applicable if the Resource is an AGR.
$AGRTOT_{q, p, r}$	none	*Aggregate Generation Resource Total per QSE per Settlement Point per Aggregate Generation Resource*—The total number of generators registered to the AGR and used in the approved verifiable cost for the AGR. The value is only applicable if the Resource is an AGR.

Variable	Unit	Definition
$RCGSC_s$	$/Start	*Resource Category Generic Startup Cost*—The Resource Category Generic Startup Cost cap for the category of the Resource, according to Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps, for the Operating Day.
$RUCSUFLAG_{q,r,s}$	none	*RUC Startup Flag*—The flag that indicates whether or not the start *s* for Resource *r* is eligible for RUC Make-Whole Payment. Its value is one if eligible; otherwise, zero. See Section 5.6.2, RUC Startup Cost Eligibility, and Section 5.6.3, Forced Outage of RUC-Committed Resource, for more information on startup eligibility. For a Combined Cycle Train, the Resource *r* must be one of the registered Combined Cycle Generation Resources within the Combined Cycle Train. When one or more Combined Cycle Generation Resources are committed by RUC, the RUC Startup Flag is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$MEPR_{q,r,i}$	$/MWh	*Minimum-Energy Price*—The settlement price for Resource *r* for minimum energy for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MEO_{q,r,i}$	$/MWh	*Minimum-Energy Offer*—Represents an offer for the costs incurred by Resource *r* in producing energy at the Resource's LSL for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MECAP_{q,r,i}$	$/MWh	*Minimum-Energy Cap*—The amount used for Resource *r* for minimum-energy costs if the QSE did not submit a validated Three-Part Supply Offer. The cap is the RCGMEC unless ERCOT has approved verifiable unit-specific minimum energy costs for that Resource, in which case the Minimum-Energy Cap is the verifiable unit-specific minimum energy cost. See Section 5.6.1 for more information on verifiable costs. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RCGMEC_i$	$/MWh	*Resource Category Generic Minimum-Energy Cost*—The Resource Category Generic Minimum Energy Cost cap for the category of the Resource, according to Section 4.4.9.2.3, for the Operating Day.
$RTMG_{q,r,i}$	MWh	*Real-Time Metered Generation*—The Resource *r*'s metered generation for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$LSL_{q,r,i}$	MW	*Low Sustained Limit*—The LSL of Generation Resource *r* represented by QSE *q* for the hour that includes the Settlement Interval *i*, as submitted in the Current Operating Plan (COP). Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
q	none	A QSE.
r	none	A RUC-committed Generation Resource.
d	none	An Operating Day containing the RUC-commitment.
i	none	A 15-minute Settlement Interval within the hour that includes a RUC-commitment.
s	none	A start that is eligible to have its costs included in the RUC Guarantee.
t	none	A transition that is eligible to have its costs included in the RUC Guarantee.
c	none	A contiguous block of RUC–Committed Hours.
afterCCGR	none	The Combined Cycle Generation Resource to which a Combined Cycle Train transitions.
beforeCCGR	none	The Combined Cycle Generation Resource from which a Combined Cycle Train transitions.

5.7.1.2 RUC Minimum-Energy Revenue

(1) The energy revenue for a Resource's generation up to LSL during all RUC-Committed Hours of the Operating Day is RUC Minimum-Energy Revenue.

(2) The LSL used to calculate RUC Minimum-Energy Revenue for a Combined Cycle Train is the LSL that corresponds to the Combined Cycle Generation Resource, within the Combined Cycle Train, that is RUC-committed for the hour.

(3) For each RUC-committed Resource, RUC Minimum-Energy Revenue is calculated as follows:

$$RUCMEREV_{q,r,d} = \sum_{i} (RTSPP_{p,i} * \text{Min} (RTMG_{q,r,i}, (LSL_{q,r,i} * (¼))))$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCMEREV_{q,r,d}$	$	*RUC Minimum-Energy Revenue*—The sum of the energy revenues for Resource *r*'s generation up to LSL during all RUC-Committed Hours, for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, RUC Minimum-Energy Revenue is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Resource Node for the Settlement Interval *i*.
$RTMG_{q,r,i}$	MWh	*Real-Time Metered Generation*—The Resource *r*'s metered generation for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$LSL_{q,r,i}$	MW	*Low Sustained Limit*—The LSL of Generation Resource *r* represented by QSE *q* for the hour that includes the Settlement Interval *i*, as submitted in the COP. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
q	none	A QSE.
r	none	A RUC-committed Generation Resource.
d	none	An Operating Day containing the RUC-commitment.
p	none	A Resource Node Settlement Point.
i	none	A 15-minute Settlement Interval within the hour that includes a RUC-commitment.

5.7.1.3 Revenue Less Cost Above LSL During RUC-Committed Hours

(1) The total revenue for a Resource operating above its LSL less the cost based on the Resource's Energy Offer Curve capped by the Energy Offer Curve Cap (as described in Sections 4.4.9.3, Energy Offer Curve, and 4.4.9.3.3, Energy Offer Curve Caps for Make-Whole Calculation Purposes) or proxy Energy Offer Curve described in Section 6.5.7.3, Security Constrained Economic Dispatch, as applicable, during all RUC-Committed Hours of the Operating Day is Revenue Less Cost Above LSL During RUC-Committed Hours.

(2) The LSL and RTAIEC used to calculate Revenue Less Cost Above LSL During RUC-Committed Hours for a Combined Cycle Train are the LSL and RTAIEC that correspond to the Combined Cycle Generation Resource, within the Combined Cycle Train, that is RUC-committed for the hour.

(3) For each RUC-committed Resource, Revenue Less Cost Above LSL During RUC-Committed Hours is calculated as follows:

$$\begin{aligned} RUCEXRR_{q,r,d} = \text{Max}\{0, \sum_i [&RTSPP_{p,i} * \text{Max}(0, RTMG_{q,r,i} - (LSL_{q,r,i} * (¼))) \\ &+ (-1) * (VSSVARAMT_{q,r,i} + VSSEAMT_{q,r,i}) \\ &+ (-1) * EMREAMT_{q,r,i} \\ &- RTAIEC_{q,r,i} * \text{Max}(0, RTMG_{q,r,i} - (LSL_{q,r,i} * (¼)))]\} \end{aligned}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCEXRR_{q,r,d}$	$	*Revenue Less Cost Above LSL During RUC-Committed Hours*—The sum of the total revenue for Resource *r* operating above its LSL less the cost during all RUC-Committed Hours, for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, revenue less cost above LSL is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Resource's Settlement Point for the Settlement Interval *i*.
$RTAIEC_{q,r,i}$	$/MWh	*Real-Time Average Incremental Energy Cost*—The average incremental energy cost for Resource *r*, calculated using the Energy Offer Curve capped by the Energy Offer Curve Cap, for the Resource's generation above the LSL for the Settlement Interval *i*. See Section 4.6.5, Calculation of "Average Incremental Energy Cost" (AIEC). Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RTMG_{q,r,i}$	MWh	*Real-Time Metered Generation*—The Resource *r*'s metered generation for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$LSL_{q,r,i}$	MW	*Low Sustained Limit*—The LSL of Generation Resource *r* represented by QSE *q* for the hour that includes the Settlement Interval *i*, as submitted in the COP. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$VSSVARAMT_{q,r,i}$	$	*Voltage Support Service VAr Amount by interval*—The payment to the QSE for the Voltage Support Service (VSS) provided by Generation Resource *r* for the 15-minute Settlement Interval *i*. See Section 6.6.7.1, Voltage Support Service Payments. Payment for VSS is made to the Combined Cycle Train.
$VSSEAMT_{q,r,i}$	$	*Voltage Support Service Energy Amount by interval*—The lost opportunity payment to the QSE for ERCOT-directed VSS from the Generation Resource *r* for the 15-minute Settlement Interval *i*. See Section 6.6.7.1. Payment for emergency energy is made to the Combined Cycle Train.

Variable	Unit	Definition
$EMREAMT_{q,r,i}$	$	*Emergency Energy Amount by interval*—The payment to the QSE as additional compensation for the additional energy produced by the Generation Resource *r* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval *i*. See Section 6.6.9.1, Payment for Emergency Power Increase Directed by ERCOT. Payment for emergency energy is made to the Combined Cycle Train.
q	none	A QSE.
r	none	A RUC-committed Generation Resource.
d	none	An Operating Day containing the RUC-commitment.
p	none	A Resource Node Settlement Point.
i	none	A 15-minute Settlement Interval within the hour that includes a RUC instruction.

5.7.1.4 Revenue Less Cost During QSE Clawback Intervals

(1) The total revenue for a Resource less the cost based on the Resource's Energy Offer Curve capped by the Energy Offer Curve Cap (as described in Sections 4.4.9.3, Energy Offer Curve, and 4.4.9.3.3, Energy Offer Curve Caps for Make-Whole Calculation Purposes) or proxy Energy Offer Curve described in Section 6.5.7.3, Security Constrained Economic Dispatch, as applicable, during all QSE Clawback Intervals of the Operating Day is Revenue Less Cost During QSE-Clawback Intervals.

(2) The MEPR, LSL and RTAIEC used to calculate Revenue Less Cost During QSE Clawback Intervals for a Combined Cycle Train is the MEPR, LSL and RTAIEC that corresponds to the Combined Cycle Generation Resource, within a Combined Cycle Train, that operates in Real-Time for the QSE Clawback Interval.

(3) For each QSE Clawback Interval, Revenue Less Cost During QSE Clawback Intervals is calculated as follows:

$$\begin{aligned} RUCEXRQC_{q,r,d} = \text{Max}\{0, \sum_i [&(RTSPP_{p,i} * RTMG_{q,r,i}) \\ &+ (-1) * (VSSVARAMT_{q,r,i} + VSSEAMT_{q,r,i}) \\ &+ (-1) * EMREAMT_{q,r,i} \\ &- [MEPR_{q,r,i} * \text{Min}(RTMG_{q,r,i}, (LSL_{q,r,i} * (¼)))] \\ &- [RTAIEC_{q,r,i} * \text{Max}(0, RTMG_{q,r,i} - (LSL_{q,r,i} * (¼)))]]\} \end{aligned}$$

If the QSE submitted a validated Three-Part Supply Offer for the Resource,

Then, $MEPR_{q,r,i} = MEO_{q,r,i}$

Otherwise, $MEPR_{q,r,i} = MECAP_{q,r,i}$

If ERCOT has approved verifiable minimum-energy costs for the Resource,

Then, $MECAP_{q,r,i} =$ verifiable minimum-energy $costs_{q,r,i}$

Otherwise, $MECAP_{q,r,i}$ = $RCGMEC_i$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCEXRQC_{q,r,d}$	$	*Revenue Less Cost During QSE-Clawback Intervals*—The sum of the total revenue for Resource *r* less the cost during all QSE-Clawback Intervals for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, Revenue Less Cost During QSE-Clawback Intervals is calculated for the Combined Cycle Train for all Combined Cycle Generation Resources earning revenue in QSE-Clawback Intervals.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Resource's Settlement Point for the Settlement Interval *i*.
$MEPR_{q,r,i}$	$/MWh	*Minimum-Energy Price*—The Settlement price for Resource *r* for minimum energy for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MEO_{q,r,i}$	$/MWh	*Minimum-Energy Offer*—Represents an offer for the costs incurred by Resource *r* in producing energy at the Resource's LSL for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MECAP_{q,r,i}$	$/MWh	*Minimum-Energy Cap*—The amount used for Resource *r* for minimum-energy costs if the QSE did not submit a validated Three-Part Supply Offer. The cap is the RCGMEC unless ERCOT has approved verifiable unit-specific minimum energy costs for that Resource, in which case the Minimum-Energy Cap is the verifiable unit-specific minimum energy cost. See Section 5.6.1, Verifiable Costs, for more information on verifiable costs. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RCGMEC_i$	$/MWh	*Resource Category Generic Minimum-Energy Cost*—The Resource Category Generic Minimum-Energy Cost cap for the category of the Resource, according to Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps, for the Operating Day.
$RTAIEC_{q,r,i}$	$/MWh	*Real-Time Average Incremental Energy Cost*—The average incremental energy cost for Resource *r*, calculated using the Energy Offer Curve capped by the Energy Offer Curve Cap, for the Resource's generation above the LSL for the Settlement Interval *i*. See Section 4.6.5, Calculation of "Average Incremental Energy Cost" (AIEC). Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RTMG_{q,r,i}$	MWh	*Real-Time Metered Generation*—The Resource *r*'s metered generation for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$LSL_{q,r,i}$	MW	*Low Sustained Limit*—The LSL of Generation Resource *r* represented by QSE *q* for the hour that includes the Settlement Interval *i*, as submitted in the COP. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$VSSVARAMT_{q,r,i}$	$	*Voltage Support Service VAr Amount by interval*—The payment to the QSE for the VSS provided by Generation Resource *r* for the 15-minute Settlement Interval *i*. See Section 6.6.7.1, Voltage Support Service Payments. Payment for VSS is made to the Combined Cycle Train.
$VSSEAMT_{q,r,i}$	$	*Voltage Support Service Energy Amount by interval*—The lost opportunity payment to the QSE for ERCOT-directed VSS from the Generation Resource *r* for the 15-minute Settlement Interval *i*. See Section 6.6.7.1. Payment for VSS is made to the Combined Cycle Train.

Variable	Unit	Definition
$EMREAMT_{q,r,i}$	$	*Emergency Energy Amount by interval*—The payment to the QSE as additional compensation for the additional energy produced by the Generation Resource *r* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval *i*. See Section 6.6.9.1, Payment for Emergency Power Increase Directed by ERCOT. Payment for emergency energy is made to the Combined Cycle Train.
q	none	A QSE.
r	none	A RUC-committed Generation Resource.
d	none	An Operating Day containing the RUC-commitment.
p	none	A Resource Node Settlement Point.
i	none	A 15-minute Settlement Interval within the hour that is identified as a QSE-Clawback Interval.

5.7.2 RUC Clawback Charge

(1) A QSE for a Resource shall pay a RUC Clawback Charge for the Operating Day if the RUC Guarantee is less than the sum of:

(a) RUC Minimum-Energy Revenue calculated in Section 5.7.1.2, RUC Minimum-Energy Revenue;

(b) Revenue Less Cost Above LSL During RUC-Committed Hours calculated in Section 5.7.1.3, Revenue Less Cost Above LSL During RUC-Committed Hours; and

(c) Revenue Less Cost During QSE-Clawback Intervals calculated in Section 5.7.1.4, Revenue Less Cost During QSE Clawback Intervals.

(2) The amount of the RUC Clawback Charge is a percentage of the difference calculated in paragraph (1) above. Whether or not the QSE submits a Three-Part Supply Offer for a Resource in the Day-Ahead Market (DAM) determines the clawback percentage. If the QSE submitted a validated Three-Part Supply Offer for the Resource into the DAM, then the clawback percentage in RUC-Committed Hours is 50% and the clawback percentage in QSE Clawback Intervals is 0%. If not, then the clawback percentage in RUC-Committed Hours is 100% and the clawback percentage in QSE Clawback Intervals is 50%.

(3) If an Energy Emergency Alert (EEA) is in effect for any hour that a Resource is RUC-committed, then in all RUC-Committed Hours of the Operating Day the clawback percentage is 0% if the QSE submitted a validated Three-Part Supply Offer for the Resource into the DAM and 50% otherwise.

[NPRR416: Replace paragraphs (2) and (3) above with the following upon system implementation:]

(2) The amount of the RUC Clawback Charge is a percentage of the difference calculated in paragraph (1) above. Whether or not the QSE submits a Three-Part Supply Offer for a

Resource in the Day Ahead Market (DAM) determines if that Resource will have a clawback applied in its Settlement. If the QSE submitted a validated Three-Part Supply Offer for the Resource into the DAM, then the clawback percentage in RUC Committed Hours is 50% and the clawback percentage in QSE Clawback Intervals is 0%. If not, then the clawback percentage in RUC Committed Hours is 100% and the clawback percentage in QSE Clawback Intervals is 50%.

(3) If an Energy Emergency Alert (EEA) is in effect for any period of the Operating Day, then in all RUC Committed Hours and all QSE Clawback Intervals of the Operating Day the clawback percentage is 0% if the QSE submitted a validated Three Part Supply Offer for the Resource into the DAM and 50% otherwise.

[NPRR493: Replace paragraphs (2) and (3) above with the following upon system implementation:]

(2) The amount of the RUC Clawback Charge is a percentage of the difference calculated in paragraph (1) above. Whether or not the QSE submits a Three-Part Supply Offer for a Resource in the Day Ahead Market (DAM) determines if that Resource will have a clawback applied in its Settlement.

(a) If the QSE submitted a validated Three-Part Supply Offer for the Resource into the DAM, then the clawback percentage is:

(i) In RUC Committed Hours:

(A) 50% for Resources that are not Half-Hour Start Units; and

(B) 0% for Resources that are Half-Hour Start Units; and

(ii) 0% in QSE Clawback Intervals.

(b) If the QSE did not submit a validated Three-Part Supply Offer for the Resource into the DAM, then the clawback percentage is:

(i) In RUC-Committed Hours:

(A) 100% for a Resource that is not a Half-Hour Start Unit; and

(B) 50% for a Resource that is a Half-Hour Start Unit; and

(ii) In QSE Clawback Intervals:

(A) 50% for a Resource that is not a Half-Hour Start Unit; and

(B) 0% for a Resource that is a Half-Hour Start Unit.

(3) If an Energy Emergency Alert (EEA) is in effect for any hour that a Resource that is not a Half-Hour Start Unit is RUC-committed, then in all RUC Committed Hours and all QSE Clawback Intervals of the Operating Day the clawback percentage is 0% if the QSE submitted a validated Three Part Supply Offer for the Resource into the DAM and 50% otherwise. If an EEA is in effect for any hour that a Resource that is a Half-Hour Start Unit is RUC-Committed, then in all RUC-Committed Hours of the Operating Day the clawback percentage is 0%.

(4) For Combined Cycle Trains, if at least one Combined Cycle Generation Resource is offered into the DAM, then the Combined Cycle Train is considered to be offered into the DAM.

(5) The RUC Clawback Charge for a Resource, including RMR Units, for each Operating Day is allocated evenly over the RUC-Committed Hours for that Resource.

(6) For each RUC-committed Resource, the RUC Clawback Charge for each RUC-Committed Hour of the Operating Day is calculated as follows:

If $(RUCMEREV_{q,r,d} + RUCEXRR_{q,r,d} - RUCG_{q,r,d}) > 0$,

Then,

$$RUCCBAMT_{q,r,h} = [(RUCMEREV_{q,r,d} + RUCEXRR_{q,r,d} - RUCG_{q,r,d}) * RUCCBFR_{q,r,d} + RUCEXRQC_{q,r,d} * RUCCBFC_{q,r,d}] / RUCHR_{q,r,d}$$

Otherwise,

$$RUCCBAMT_{q,r,h} = [Max (0, RUCMEREV_{q,r,d} + RUCEXRR_{q,r,d} + RUCEXRQC_{q,r,d} - RUCG_{q,r,d}) * RUCCBFC_{q,r,d}] / RUCHR_{q,r,d}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCCBAMT_{q,r,h}$	$	*RUC Clawback Charge*—The RUC Clawback Charge to a QSE for Resource *r* as described in this Section, for each RUC-Committed Hour of the Operating Day for that Resource. When one or more Combined Cycle Generation Resources are committed by RUC, a charge is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCG_{q,r,d}$	$	*RUC Guarantee*—The sum of eligible Startup Costs and Minimum-Energy Costs for Resource *r* during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.1, RUC Guarantee. When one or more Combined Cycle Generation Resources are committed by RUC, guaranteed costs are calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.

Variable	Unit	Definition
$RUCMEREV_{q,r,d}$	$	*RUC Minimum-Energy Revenue*—The sum of the energy revenues for Resource *r*'s generation up to LSL during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.2. When one or more Combined Cycle Generation Resources are committed by RUC, RUC Minimum-Energy Revenue is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCEXRR_{q,r,d}$	$	*Revenue Less Cost Above LSL During RUC-Committed Hours*—The sum of the total revenue for Resource *r* above the LSL less the cost during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.3. When one or more Combined Cycle Generation Resources are committed by RUC, Revenue Less Cost Above LSL During RUC-Committed Hours is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCEXRQC_{q,r,d}$	$	*Revenue Less Cost from QSE-Clawback Intervals*—The sum of the total revenue for Resource *r* less the cost during all QSE-Clawback Intervals for the Operating Day. See Section 5.7.1.4. When one or more Combined Cycle Generation Resources are committed by RUC, Revenue Less Cost from QSE-Clawback Intervals is calculated for the Combined Cycle Train for all Combined Cycle Generation Resources earning revenue in QSE Clawback Intervals.
$RUCCBFR_{q,r,d}$	none	*RUC Clawback Factor for RUC-Committed Hours*—The Resource *r*'s Clawback Factor for RUC-Committed Hours, which is 50% if a Three-Part Supply Offer was submitted and 100% otherwise. During EEA conditions, the Resource's RUC Clawback Factor for RUC-Committed Hours is 0% if a Three-Part Supply Offer was submitted and 50% otherwise. When one or more Combined Cycle Generation Resources are committed by RUC, the RUC Clawback Factor for RUC-Committed Hours is determined for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCCBFC_{q,r,d}$	none	*RUC Clawback Factor for QSE Clawback Intervals*—The Resource *r*'s Clawback Factor for QSE Clawback Intervals, which is 0% if a Three-Part Supply Offer was submitted and 50% otherwise. When one or more Combined Cycle Generation Resources are committed by RUC, the RUC Clawback Factor for QSE Clawback Intervals is determined for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCHR_{q,r,d}$	none	*RUC Hour*—The total number of RUC-Committed Hours, for Resource *r* for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, the total number of RUC-Committed Hours is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
q	none	A QSE.
r	none	A RUC-committed Generation Resource.
d	none	An Operating Day containing the RUC-commitment.
h	none	An hour in the RUC-commitment period.

[NPRR416: Replace paragraph (6) above, with the following upon system implementation:]

(6) For each RUC-committed Resource, the RUC Clawback Charge for each RUC-Committed Hour of the Operating Day is calculated as follows:

If $(RUCMEREV_{q,r,d} + RUCEXRR_{q,r,d} - RUCG_{q,r,d}) > 0$,

Then,

$$RUCCBAMT_{q,r,h} = [(RUCMEREV_{q,r,d} + RUCEXRR_{q,r,d} - RUCG_{q,r,d}) * RUCCBFR_{q,r,d} + RUCEXRQC_{q,r,d} * RUCCBFC_{q,r,d}] / RUCHR_{q,r,d}$$

Otherwise,

$$RUCCBAMT_{q,r,h} = [Max (0, RUCMEREV_{q,r,d} + RUCEXRR_{q,r,d} + RUCEXRQC_{q,r,d} - RUCG_{q,r,d}) * RUCCBFC_{q,r,d}] / RUCHR_{q,r,d}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCCBAMT_{q,r,h}$	$	*RUC Clawback Charge*—The RUC Clawback Charge to a QSE for Resource *r* as described in this Section, for each RUC-Committed Hour of the Operating Day for that Resource. When one or more Combined Cycle Generation Resources are committed by RUC, a charge is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCG_{q,r,d}$	$	*RUC Guarantee*—The sum of eligible Startup Costs and Minimum-Energy Costs for Resource *r* during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.1, RUC Guarantee. When one or more Combined Cycle Generation Resources are committed by RUC, guaranteed costs are calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCMEREV_{q,r,d}$	$	*RUC Minimum-Energy Revenue*—The sum of the energy revenues for Resource *r*'s generation up to LSL during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.2. When one or more Combined Cycle Generation Resources are committed by RUC, RUC Minimum-Energy Revenue is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCEXRR_{q,r,d}$	$	*Revenue Less Cost Above LSL During RUC-Committed Hours*—The sum of the total revenue for Resource *r* above the LSL less the cost during all RUC-Committed Hours, for the Operating Day. See Section 5.7.1.3. When one or more Combined Cycle Generation Resources are committed by RUC, Revenue Less Cost Above LSL During RUC-Committed Hours is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCEXRQC_{q,r,d}$	$	*Revenue Less Cost from QSE-Clawback Intervals*—The sum of the total revenue for Resource *r* less the cost during all QSE-Clawback Intervals for the Operating Day. See Section 5.7.1.4. When one or more Combined Cycle Generation Resources are committed by RUC, Revenue Less Cost from QSE-Clawback Intervals is calculated for the Combined Cycle Train for all Combined Cycle Generation Resources earning revenue in QSE Clawback Intervals.
$RUCCBFR_{q,r,d}$	none	*RUC Clawback Factor for RUC-Committed Hours*—The Resource *r*'s Clawback Factor for RUC-Committed Hours, as specified in paragraphs (2) and (3) above. When one or more Combined Cycle Generation Resources are committed by RUC, the RUC Clawback Factor for RUC-Committed Hours is determined for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.

$RUCCBFC_{q,r,d}$	none	*RUC Clawback Factor for QSE Clawback Intervals*—The Resource *r*'s Clawback Factor for QSE Clawback Intervals, as specified in paragraphs (2) and (3) above. When one or more Combined Cycle Generation Resources are committed by RUC, the RUC Clawback Factor for QSE Clawback Intervals is determined for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCHR_{q,r,d}$	none	*RUC Hour*—The total number of RUC-Committed Hours, for Resource *r* for the Operating Day. When one or more Combined Cycle Generation Resources are committed by RUC, the total number of RUC-Committed Hours is calculated for the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
q	none	A QSE.
r	none	A RUC-committed Generation Resource.
d	none	An Operating Day containing the RUC-commitment.
h	none	An hour in the RUC-commitment period.

5.7.3 Payment When ERCOT Decommits a QSE-Committed Resource

(1) If ERCOT decommits a QSE-committed Resource during the RUC process earlier than its scheduled shutdown within the Operating Day, then no compensation is due to the affected QSE from ERCOT.

(2) If ERCOT decommits a QSE committed Resource that is not scheduled to shutdown within the Operating Day, then ERCOT shall pay the affected QSE an amount as calculated below for the hours of decommitment. The number of continuous decommitted hours used in the calculation are the hours beginning with the first decommitted hour until the earlier of:

(a) The hour ERCOT determines that the Resource may again be at LSL; and

(b) The end of the last hour of the Operating Day.

(3) If ERCOT decommits a QSE-committed Resource not scheduled to shutdown within the Operating Day, and the decommitment period spans more than one Operating Day, the RUC Decommitment Payment Amount shall be calculated and paid in the Operating Day in which the RUC decommitment originated. The number of continuous decommitted hours used in the calculation are the hours beginning with the first decommitted hour until the end of the last hour of the Operating Day in which the RUC decommitment originated.

(4) The payment for a RUC Cancellation instruction for a Resource is settled for each hour through an adjustment in the RUC Decommitment Payment Amount as shown in paragraph (8) below.

(5) ERCOT shall produce a report each April that provides the percentage of the RUC Decommitment Payment Amounts that are a result of RUC cancellations during the 12 months of the previous calendar year. The report shall be based on the Final

Settlements. ERCOT shall present the results of this study to the appropriate Technical Advisory Committee (TAC) subcommittee.

(6) The SUPR, MEPR and LSL used to calculate payment when ERCOT decommits a QSE-committed Combined Cycle Train is the SUPR, MEPR and LSL that corresponds to the Combined Cycle Generation Resource, within the Combined Cycle Train, that is RUC-decommitted in the first hour of a contiguous decommitted period.

(7) If the SUPR used to calculate payment when ERCOT decommits a QSE-committed Aggregate Generation Resource (AGR) is based upon approved Verifiable Cost for all of the generators associated with the AGR, ERCOT shall scale the startup payment according to the number of generators of the AGR that started following the decommitment. ERCOT shall make the adjustment no later than on Final Settlement.

(8) The payment for a RUC decommitment instruction for a Resource, including RMR Units, is calculated for each hour as follows:

$$RUCDCAMT_{q,r,h} = (-1) * Max (0, (SUPR_{q,r,s} - \sum_{i} (Max (0, MEPR_{q,r,i} - RTSPP_{p,i}) * (LSL_{q,r,i} * (¼))))) / NCDCHR_{q,r,h}$$

Where:

If the QSE submitted a validated Three-Part Supply Offer for the Resource,

Then, $SUPR_{q,r,s} = SUO_{q,r,s}$

$MEPR_{q,r,i} = MEO_{q,r,i}$

Otherwise, $SUPR_{q,r,s} = SUCAP_{q,r,s}$

$MEPR_{q,r,i} = MECAP_{q,r,i}$

If ERCOT has approved verifiable Startup Costs and minimum-energy costs for the Resource,

Then, $SUCAP_{q,r,s}$ = verifiable Startup $Costs_{q,r,s}$

$MECAP_{q,r,i}$ = verifiable minimum-energy $costs_{q,r,i}$

Otherwise, $SUCAP_{q,r,s} = RCGSC_{s}$

$MECAP_{q,r,i} = RCGMEC_{i}$

The above variables are defined as follows:

Variable	Unit	Definition

Variable	Unit	Definition
$RUCDCAMT_{q,r,h}$	$	*RUC Decommitment Payment Amount*—The payment to the QSE for the Resource that was decommitted by ERCOT but that was not scheduled to shut down in the Operating Day, for each decommited hour of the Operating Day. When one or more Combined Cycle Generation Resources are decommitted by RUC, payment is made to the Combined Cycle Train for all RUC-decommitted Combined Cycle Generation Resources.
$SUPR_{q,r,s}$	$/Start	*Startup Price per start*—The settlement price for Resource *r* for the start *s*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$SUO_{q,r,s}$	$/Start	*Startup Offer per start*—Represents an offer for all costs incurred by Generation Resource *r* in starting up and reaching the Resource's LSL, minus the average energy produced during the time period between breaker close and LSL multiplied by the heat rate proxy multiplied by the appropriate FIP or FOP, as described in the Verifiable Cost Manual. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$SUCAP_{q,r,s}$	$/Start	*Startup Cap*—The amount used for Resource *r* as Startup Costs if the QSE did not submit a validated Three-Part Supply Offer. The cap is the RCGSC unless ERCOT has approved verifiable unit-specific Startup Costs for that Resource, in which case the Startup Cap is the verifiable unit-specific Startup Cost. See Section 5.6.1, Verifiable Costs, for more information on verifiable costs. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RCGSC_s$	$/Start	*Resource Category Generic Startup Cost*—The Resource Category Startup Offer Generic Cap cost for the category of the Resource, according to Section 4.4.9.2.3, Startup Offer and Minimum-Energy Offer Generic Caps, for the Operating Day.
$MEPR_{q,r,i}$	$/MWh	*Minimum-Energy Price*—The settlement price for Resource *r* for minimum energy for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MEO_{q,r,i}$	$/MWh	*Minimum-Energy Offer*—Represents an offer for the costs incurred by Resource *r* in producing energy at the Resource's LSL for the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MECAP_{q,r,i}$	$/MWh	*Minimum-Energy Cap*—The amount used for Resource *r* for minimum-energy costs if the QSE did not submit a validated Three-Part Supply Offer. The cap is the RCGMEC unless ERCOT has approved verifiable unit-specific minimum energy costs for that Resource, in which case the Minimum-Energy Cap is the verifiable unit-specific minimum energy cost. See Section 5.6.1 for more information on verifiable costs. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RCGMEC_i$	$/MWh	*Resource Category Generic Minimum-Energy Cost*—The Resource Category Minimum-Energy Generic Cap cost for the category of the Resource, according to Section 4.4.9.2.3.
$LSL_{q,r,i}$	MW	*Low Sustained Limit*—The LSL of Generation Resource *r* represented by QSE *q* for the hour that includes the Settlement Interval *i*, as submitted in the COP. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Resource's Settlement Point for the Settlement Interval *i*.

Variable	Unit	Definition
$NCDCHR_{q,r,h}$	none	*Number of Continuous Decommitted Hours*—The number of continuous decommitment hours for Resource *r* within an Operating Day. When one or more Combined Cycle Generation Resources are decommitted by RUC, the Number of Continuous Decommitted Hours is calculated for the Combined Cycle Train for all RUC-decommitted Combined Cycle Generation Resources.
q	none	A QSE.
r	none	A RUC-decommitted Generation Resource.
h	none	An hour in the RUC decommitment period.
p	none	A Resource Node Settlement Point.
s	none	A start.
i	none	A 15-minute Settlement Interval within the contiguous decommited period.

5.7.4 RUC Make-Whole Charges

(1) All QSEs that were capacity-short in each RUC will be charged for that shortage, as described in Section 5.7.4.1, RUC Capacity-Short Charge. If the revenues from the charges under Section 5.7.4.1 are not enough to cover all RUC Make-Whole Payments for a Settlement Interval, then the difference will be uplifted to all QSEs on a Load Ratio Share (LRS) basis, as described in Section 5.7.4.2, RUC Make-Whole Uplift Charge.

(2) To determine whether a QSE is capacity-short, the Short Term Wind Power Forecast (STWPF) for a Wind-powered Generation Resource (WGR) used in the corresponding RUC is considered the available capacity of the WGR when determining responsibility for the corresponding RUC charges, regardless of the Real-Time output of the WGR.

[NPRR210: Replace paragraph (2) above with the following upon system implementation:]

(2) To determine whether a QSE is capacity-short, the Wind-powered Generation Resource Production Potential (WGRPP), as described in Section 4.2.2, Wind-powered Generation Resource Production Potential, for a Wind-powered Generation Resource (WGR) used in the corresponding RUC is considered the available capacity of the WGR when determining responsibility for the corresponding RUC charges, regardless of the Real-Time output of the WGR.

(3) On a monthly basis, within ten days after the Initial Settlement of the last day of the month has been completed, ERCOT shall post on the Market Information System (MIS) Secure Area the total RUC Make-Whole Charges and RUC Clawback Payment Amounts, by Settlement Interval, by QSE capacity-shortfall and by amount uplifted.

5.7.4.1 RUC Capacity-Short Charge

The dollar amount charged to each QSE, due to capacity shortfalls for a particular RUC, for a 15-minute Settlement Interval, is the QSE's shortfall ratio share multiplied by the total RUC Make-Whole Payments, including amounts for RMR Units, to all QSEs for that RUC, subject to a cap. The cap on the charge to each QSE is two multiplied by the total RUC Make-Whole Payments, including amounts for RMR Units, for all QSEs multiplied by that QSE's capacity shortfall for that RUC process divided by the total capacity of all RUC-committed Resources during that Settlement Interval for the RUC process. That dollar amount charged to each QSE is calculated as follows:

$$RUCCSAMT_{ruc,i,q} = (-1) * Max [(RUCSFRS_{ruc,i,q} * RUCMWAMTRUCTOT_{ruc,h}), (2 * RUCSF_{ruc,i,q} * RUCMWAMTRUCTOT_{ruc,h} / RUCCAPTOT_{ruc,h})] / 4$$

Where:

$$RUCMWAMTRUCTOT_{ruc,h} = \sum_{q} \sum_{r} RUCMWAMT_{ruc,q,r,h}$$

$$RUCCAPTOT_{ruc,h} = \sum_{r} HSL_{ruc,h,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCCSAMT_{ruc,i,q}$	$	*RUC Capacity-Short Amount*—The charge to a QSE, due to capacity shortfall for a particular RUC process, for the 15-minute Settlement Interval.
$RUCMWAMTRUCTOT_{ruc,h}$	$	*RUC Make-Whole Amount Total per RUC*—The sum of RUC Make-Whole Payments for a particular RUC process, including amounts for RMR Units, for the hour that includes the 15-minute Settlement Interval.
$RUCMWAMT_{ruc,q,r,h}$	$	*RUC Make-Whole Payment*—The RUC Make-Whole Payment to the QSE for Resource *r*, for a particular RUC process, for the hour that includes the 15-minute Settlement Interval. See Section 5.7.1, RUC Make-Whole Payment. When one or more Combined Cycle Generation Resources are committed by RUC, payment is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCSFRS_{ruc,i,q}$	none	*RUC Shortfall Ratio Share*—The ratio of the QSE's capacity shortfall to the sum of all QSEs' capacity shortfalls for a particular RUC process, for the 15-minute Settlement Interval. See Section 5.7.4.1.1, Capacity Shortfall Ratio Share.
$RUCSF_{ruc,i,q}$	MW	*RUC Shortfall*—The QSE's capacity shortfall for a particular RUC process for the 15-minute Settlement Interval. See formula in Section 5.7.4.1.1.
$RUCCAPTOT_{ruc,h}$	MW	*RUC Capacity Total*—The sum of the High Sustained Limits (HSLs) of all RUC-committed Resources for a particular RUC process, for the hour that includes the 15-minute Settlement Interval. See formula in Section 5.7.4.1.1.
$HSL_{ruc,h,r}$	MW	*High Sustained Limit*—The HSL of Generation Resource *r* as defined in

Variable	Unit	Definition
		Section 2, Definitions and Acronyms, for the hour that includes the Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
ruc	none	The RUC process for which the RUC Capacity-Short Charge is calculated.
i	none	A 15-minute Settlement Interval.
q	none	A QSE.
h	none	The hour that includes the Settlement Interval *i*.
r	none	A Generation Resource that is RUC-committed for the hour that includes the Settlement Interval *i*, as a result of a particular RUC process.

5.7.4.1.1 Capacity Shortfall Ratio Share

(1) In calculating the amount short for each QSE, the QSE must be given a capacity credit for its WGRs based on the HSL values entered into the COP by the QSE just prior to the RUC execution. For WGRs, ERCOT shall use for Settlement purposes the COP and Trades Snapshot prior to the RUC regardless of Real-Time capacity or actual generation. Therefore, the HASLSNAP and HASLADJ variables used below shall be equal to the HSL values entered into the QSE's COP submitted prior to the RUC for WGRs.

(2) In calculating the amount short for each QSE, the QSE must be given a capacity credit for non-wind Resources that were given notice of decommitment within the two hours before the Operating Hour as a result of the RUC process by setting the HASLSNAP and HASLADJ variables used below equal to the HASLSNAP value for the Resource immediately before the decommitment instruction was given.

(3) In calculating the short amount for each QSE, if the High Ancillary Service Limit (HASL) for a Resource was credited to the QSE during the RUC snapshot but the Resource experiences a Forced Outage within two hours before the start of the Settlement Interval, then the HASL for that Resource is also credited to the QSE in the HASLADJ.

(4) In calculating the short amount for each QSE, if the DCIMPSNAP was credited to the QSE during the RUC snapshot but the entire Direct Current Tie (DC Tie) experiences a Forced Outage within two hours before the start of the Settlement Interval, then the DCIMPSNAP is also credited to the QSE in the DCIMPADJ.

(5) For Combined Cycle Generation Resources, if more than one Combined Cycle Generation Resource is shown On-Line in its COP for the same Settlement hour, then the provisions of paragraph (6)(a) of Section 3.9.1, Current Operating Plan (COP) Criteria, apply in the determination of the On-Line Combined Cycle Generation Resource for that Settlement hour.

(6) The capacity shortfall ratio share of a specific QSE for a particular RUC process is calculated, for a 15-minute Settlement Interval, as follows:

$$RUCSFRS_{ruc,i,q} = RUCSF_{ruc,i,q} / RUCSFTOT_{ruc,i}$$

Where:

$$RUCSFTOT_{ruc,i} = \sum_{q} RUCSF_{ruc,i,q}$$

(7) The RUC Shortfall in MW for one QSE for one 15-minute Settlement Interval is:

$$RUCSF_{ruc,i,q} = Max\ (0, Max\ (RUCSFSNAP_{ruc,q,i}, RUCSFADJ_{ruc,q,i}) - \sum_{z\ is\ prior\ to\ ruc} RUCCAPCREDIT_{q,i,z})$$

(8) The RUC Shortfall in MW for one QSE for one 15-minute Settlement Interval, as measured at the snapshot, is:

$$RUCSFSNAP_{ruc,q,i} = Max\ (0, ((\sum_{p} RTAML_{q,p,i} * 4) + \sum_{p} RTDCEXP_{q,p,i} - RUCCAPSNAP_{ruc,q,i}))$$

(9) The amount of capacity that a QSE had according to the RUC snapshot for a 15-minute Settlement Interval is:

$$RUCCAPSNAP_{ruc,q,i} = \sum_{r} HASLSNAP_{q,r,h} + (RUCCPSNAP_{q,h} - RUCCSSNAP_{q,h}) + (\sum_{p} DAEP_{q,p,h} - \sum_{p} DAES_{q,p,h}) + (\sum_{p} RTQQEPSNAP_{q,p,i} - \sum_{p} RTQQESSNAP_{q,p,i}) + \sum_{p} DCIMPSNAP_{q,p,i}$$

(10) The RUC Shortfall in MW for one QSE for one 15-minute Settlement Interval, as measured at Real-Time, but including capacity from WGRs as seen in the RUC snapshot, is:

$$RUCSFADJ_{ruc,q,i} = Max\ (0, ((\sum_{p} RTAML_{q,p,i}) * 4) + \sum_{p} RTDCEXP_{q,p,i} - (\sum_{r=WGRsOnly} HASLSNAP_{ruc,q,r,h} + RUCCAPADJ_{q,i}))$$

(11) The amount of capacity that a QSE had in Real-Time for a 15-minute Settlement Interval, excluding capacity from WGRs, is:

$$RUCCAPADJ_{q,i} = \sum_{r} HASLADJ_{q,r,h} + (RUCCPADJ_{q,h} - RUCCSADJ_{q,h}) + (\sum_{p} DAEP_{q,p,h} - \sum_{p} DAES_{q,p,h}) + (\sum_{p} RTQQEPADJ_{q,p,i} - \sum_{p} RTQQESADJ_{q,p,i}) + \sum_{p} DCIMPADJ_{q,p,i}$$

The above variables are defined as follows:

Variable	Unit	Definition

Variable	Unit	Definition
$RUCSFRS_{ruc,i,q}$	none	*RUC Shortfall Ratio Share*—The ratio of the QSE's capacity shortfall to the sum of all QSEs' capacity shortfalls, for the RUC process, for the 15-minute Settlement Interval.
$RUCSF_{ruc,i,q}$	MW	*RUC Shortfall*—The QSE *q*'s capacity shortfall for the RUC process for the 15-minute Settlement Interval.
$RUCSFTOT_{ruc,i}$	MW	*RUC Shortfall Total*—The sum of all QSEs' capacity shortfalls, for a RUC process, for a 15-minute Settlement Interval.
$RUCSFSNAP_{ruc,q,i}$	MW	*RUC Shortfall at Snapshot*—The QSE *q*'s capacity shortfall according to the snapshot for the RUC process for the 15-minute Settlement Interval.
$RUCSFADJ_{ruc,q,i}$	MW	*RUC Shortfall at Adjustment Period*—The QSE *q*'s Adjustment Period capacity shortfall, including capacity from WGRs as seen in the snapshot for the RUC process, for the 15-minute Settlement Interval.
$RUCCAPCREDIT_{q,i,z}$	MW	*RUC Capacity Credit by QSE*—The capacity credit resulting from capacity paid through the RUC Capacity-Short Amount for the 15-minute Settlement Interval.
$RTAML_{q,p,i}$	MWh	*Real-Time Adjusted Metered Load*—The QSE *q*'s Adjusted Metered Load (AML) at the Settlement Point *p* for the 15-minute Settlement Interval.
$RUCCAPSNAP_{ruc,q,i}$	MW	*RUC Capacity Snapshot at time of RUC*—The amount of the QSE's calculated capacity in the COP and Trades Snapshot for a 15-minute Settlement Interval.
$HASLSNAP_{q,r,h}$	MW	*High Ancillary Services Limit at Snapshot*—The HASL of the Resource *r* represented by the QSE *q*, according to the COP and Trades Snapshot for the RUC process for the hour that includes the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RTDCEXP_{q,p}$	MW	*Real-Time DC Export per QSE per Settlement Point*—The aggregated DC Tie Schedule through DC Tie *p* submitted by QSE *q* that is under the Oklaunion Exemption as an exporter from the ERCOT Region, for the 15-minute Settlement Interval.
$DCIMPADJ_{q,p}$	MW	*DC Import per QSE per Settlement Point*—The approved aggregated DC Tie Schedule submitted by QSE *q* as an importer into the ERCOT System through DC Tie *p* according to the Adjustment Period snapshot, for the 15-minute Settlement Interval.
$DCIMPSNAP_{q,p}$	MW	*DC Import per QSE per Settlement Point*—The approved aggregated DC Tie Schedule submitted by QSE *q* as an importer into the ERCOT System through DC Tie *p*, according to the snapshot for the RUC process for the hour that includes the 15-minute Settlement Interval.
$RUCCPSNAP_{q,h}$	MW	*RUC Capacity Purchase at Snapshot*—The QSE *q*'s capacity purchase, according to the COP and Trades Snapshot for the RUC process for the hour that includes the 15-minute Settlement Interval.
$RUCCSSNAP_{q,h}$	MW	*RUC Capacity Sale at Snapshot*—The QSE *q*'s capacity sale, according to the COP and Trades Snapshot for the RUC process for the hour that includes the 15-minute Settlement Interval.
$RUCCAPADJ_{q,i}$	MW	*RUC Capacity Snapshot during Adjustment Period*—The amount of the QSE's calculated capacity in the RUC according to the COP and Trades Snapshot, excluding capacity for WGRs, at the end of the Adjustment Period for a 15-minute Settlement Interval

Variable	Unit	Definition
$HASLADJ_{q,r,h}$	MW	*High Ancillary Services Limit at Adjustment Period*—The HASL of a non-WGR *r* represented by the QSE *q*, according to the Adjustment Period snapshot, for the hour that includes the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RUCCPADJ_{q,h}$	MW	*RUC Capacity Purchase at Adjustment Period*—The QSE *q*'s capacity purchase, according to the Adjustment Period COP and Trades Snapshot for the hour that includes the 15-minute Settlement Interval.
$RUCCSADJ_{q,h}$	MW	*RUC Capacity Sale at Adjustment Period*—The QSE *q*'s capacity sale, according to the Adjustment Period COP and Trades Snapshot for the hour that includes the 15-minute Settlement Interval.
$DAEP_{q,p,h}$	MW	*Day-Ahead Energy Purchase*—The QSE *q*'s energy purchased in the DAM at the Settlement Point *p* for the hour that includes the 15-minute Settlement Interval.
$DAES_{q,p,h}$	MW	*Day-Ahead Energy Sale*—The QSE *q*'s energy sold in the DAM at the Settlement Point *p* for the hour that includes the 15-minute Settlement Interval.
$RTQQEPSNAP_{q,p,i}$	MW	*QSE-to-QSE Energy Purchase by QSE by point*—The QSE *q*'s Energy Trades in which the QSE is the buyer at the delivery Settlement Point *p* for the 15-minute Settlement Interval, in the COP and Trades Snapshot.
$RTQQESSNAP_{q,p,i}$	MW	*QSE-to-QSE Energy Sale by QSE by point*—The QSE *q*'s Energy Trades in which the QSE is the seller at the delivery Settlement Point *p* for the 15-minute Settlement Interval, in the COP and Trades Snapshot.
$RTQQEPADJ_{q,p,i}$	MW	*QSE-to-QSE Energy Purchase by QSE by point*—The QSE *q*'s Energy Trades in which the QSE is the buyer at the delivery Settlement Point *p* for the 15-minute Settlement Interval, in the last COP and Trades Snapshot at the end of the Adjustment Period for that Settlement Interval.
$RTQQESADJ_{q,p,i}$	MW	*QSE-to-QSE Energy Sale by QSE by point*—The QSE *q*'s Energy Trades in which the QSE is the seller at the delivery Settlement Point *p* for the 15-minute Settlement Interval, in the last COP and Trades Snapshot at the end of the Adjustment Period for that Settlement Interval.
q	none	A QSE.
p	none	A Settlement Point.
r	none	A Generation Resource that is QSE-committed or RUC-decommitted (subject to paragraphs (1) and (2) above) for the Settlement Interval.
z	none	A previous RUC process for the Operating Day.
i	none	A 15-minute Settlement Interval.
h	none	The hour that includes the Settlement Interval *i*.
ruc	none	The RUC process for which this RUC Shortfall Ratio Share is calculated.

5.7.4.1.2 RUC Capacity Credit

A QSE that is charged for a capacity shortfall in one RUC process gets a capacity credit equal to the minimum of the QSE's RUC shortfall (MW) or the total RUC capacity purchased multiplied by the QSE's shortfall ratio share. The capacity credit to be used in future RUC processes for the same 15-minute Settlement Interval is calculated as follows:

$$RUCCAPCREDIT_{ruc,i,q} = \text{Min}\ [RUCSF_{ruc,i,q}, (RUCCAPTOT_{ruc,h} * RUCSFRS_{ruc,i,q})]$$

The above variables are defined as follows:

Variable	Unit	Definition
$RUCCAPCREDIT_{ruc,i,q}$	MW	*RUC Capacity Credit by QSE*—The capacity credit resulting from capacity paid through the RUC Capacity-Short Charge for the 15-minute Settlement Interval.
$RUCSF_{ruc,i,q}$	MW	*RUC Shortfall*—The QSE's capacity shortfall for the RUC process for the 15-minute Settlement Interval.
$RUCSFRS_{ruc,i,q}$	none	*RUC Shortfall Ratio Share*—The ratio of the QSE's capacity shortfall to the sum of all QSEs' capacity shortfalls, for the RUC process, for the 15-minute Settlement Interval.
$RUCCAPTOT_{ruc,h}$	MW	*RUC Capacity Total*—The total capacity of all RUC-committed Resources during the RUC process, for the hour that includes the 15-minute Settlement Interval.
q	none	A QSE.
i	none	A 15-minute Settlement Interval.
h	none	The hour that includes the Settlement Interval *i*.
ruc	none	The RUC process for which this RUC Capacity Credit is calculated.

5.7.4.2 RUC Make-Whole Uplift Charge

If the revenues from the charges under Section 5.7.4.1, RUC Capacity-Short Charge, are not enough to cover all RUC Make-Whole Payments, including amounts for RMR Units, for a 15-minute Settlement Interval, then the difference will be uplifted to all QSEs on a Load Ratio Share basis, as a RUC Make-Whole Uplift Charge, calculated as follows:

$$LARUCAMT_{q,i} = (-1) * (RUCMWAMTTOT_{h} / 4 + RUCCSAMTTOT_{i}) * LRS_{q,i}$$

Where:

$$RUCMWAMTTOT_{h} = \sum_{ruc} RUCMWAMTRUCTOT_{ruc,h}$$

$$RUCCSAMTTOT_{i} = \sum_{ruc} \sum_{q} RUCCSAMT_{ruc,i,q}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LARUCAMT_{q,i}$	$	*RUC Make-Whole Uplift Charge*—The amount owed from the QSE based on Load Ratio Share, for the 15-minute Settlement Interval.

$RUCMWAMTTOT_h$	$	*RUC Make-Whole Amount Total*—The sum of RUC Make-Whole Payments for all RUC processes, including amounts for RMR Units, for the hour that includes the 15-minute Settlement Interval.
$RUCMWAMTRUCTOT_{ruc,h}$	$	*RUC Make-Whole Amount Total per RUC*—The sum of RUC Make-Whole Payments for a particular RUC process, including payments for RMR Units, for the hour that includes the 15-minute Settlement Interval.
$RUCCSAMTTOT_i$	$	*RUC Capacity Amount Total*—The sum of RUC Capacity-Short Charges for all QSEs and RUC processes, including payments for RMR Units, for the 15-minute Settlement Interval.
$RUCCSAMT_{ruc,i,q}$	$	*RUC Capacity-Short Amount*—The charge to a QSE, due to capacity shortfall for a particular RUC process, for the 15-minute Settlement Interval.
$LRS_{q,i}$	none	*Load Ratio Share*—The ratio of Adjusted Metered Load to the total ERCOT Adjusted Metered Load for the 15-minute Settlement Interval. See Section 6.6.2, Load Ratio Share, item (2).
i	none	A 15-minute Settlement Interval.
h	none	The hour that includes the Settlement Interval *i*.
ruc	none	A RUC Process.
q	none	A QSE.

5.7.5 RUC Clawback Payment

ERCOT shall pay the revenues from all RUC Clawback Charges, including amounts for RMR Units, in a 15-minute Settlement Interval to all QSEs, on an LRS basis, as the RUC Clawback Payment. The RUC Clawback Payment is calculated as follows for each QSE for each 15-minute Settlement Interval:

$$LARUCCBAMT_{q,i} = (-1) * (RUCCBAMTTOT_h / 4 * LRS_{q,i})$$

Where:

$$RUCCBAMTTOT_h = \sum_q \sum_r RUCCBAMT_{q,r,h}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LARUCCBAMT_{q,i}$	$	*RUC Clawback Payment*—The RUC make-whole clawback payment to a QSE to uplift RUC Make-Whole Clawback Charges received, for a 15-minute Settlement Interval.
$RUCCBAMTTOT_h$	$	*RUC Clawback Charge Total* —The sum of RUC Clawback Charges to all QSEs, including amounts for RMR Units, for the hour that includes the 15-minute Settlement Interval.
$LRS_{q,i}$	none	*Load Ratio Share*—The LRS for the 15-minute Settlement Interval. See Section 6.6.2, Load Ratio Share.
$RUCCBAMT_{q,r,h}$	$	*RUC Clawback Charge*—The RUC Clawback Charge to the QSE *q* for the Resource *r*, for the hour that includes the 15-minute Settlement Interval. When one or more Combined Cycle Generation Resources are committed by RUC, a charge is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.

Variable	Unit	Definition
q	None	A QSE.
i	none	A 15-minute Settlement Interval.
h	none	The hour that includes the Settlement Interval *i*.
r	none	A RUC-committed Generation Resource.

5.7.6 RUC Decommitment Charge

ERCOT shall charge each QSE a RUC Decommitment Charge, on an LRS basis, all revenues paid as a result of RUC Decommitment Payments, including amounts for RMR Units. The RUC Decommitment Charge for a 15-minute Settlement Interval is calculated as follows:

$$LARUCDCAMT_{q,i} = (-1) * [(RUCDCAMTTOT_h / 4) * LRS_{q,i}]$$

Where:

$$RUCDCAMTTOT_h = \sum_q \sum_r RUCDCAMT_{q,r,h}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LARUCDCAMT_{q,i}$	$	*RUC Decommitment Charge*—The RUC Decommitment Charge to a QSE, for a 15-minute Settlement Interval.
$RUCDCAMTTOT_h$	$	*RUC Decommitment Charge Total*—The sum of RUC Decommitment Payments to all QSEs, including amounts for RMR Units, for the hour that includes the 15-minute Settlement Interval.
$LRS_{q,i}$	none	*Load Ratio Share*—The LRS for the 15-minute Settlement Interval. See Section 6.6.2, Load Ratio Share.
$RUCDCAMT_{q,r,h}$	$	*RUC Decommitment Charge*—The RUC Decommitment Charge to the QSE *q* for the Resource *r*, for the hour that includes the 15-minute Settlement Interval. When one or more Combined Cycle Generation Resources are decommitted by RUC, payment is made to the Combined Cycle Train for all RUC-decommitted Combined Cycle Generation Resources.
q	None	A QSE.
i	none	A 15-minute Settlement Interval.
h	none	The hour that includes the Settlement Interval *i*.
r	None	A RUC-decommitted Generation Resource.

[NPRR416: Delete Section 5.7.6 above upon system implementation.]

ERCOT Nodal Protocols

Section 6: Adjustment Period and Real-Time Operations

October 7, 2013

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6 ADJUSTMENT PERIOD AND REAL-TIME OPERATIONS

6.1 Introduction

(1) This Section addresses the following components: the Adjustment Period and Real-Time Operations, including Emergency Operations.

(2) The Adjustment Period provides each Qualified Scheduling Entity (QSE) the opportunity to adjust its trades, Self-Schedules, and Resource commitments as more accurate information becomes available under Section 6.4, Adjustment Period. During the Adjustment Period, ERCOT continues to evaluate system sufficiency and security by use of Hour-Ahead Reliability Unit Commitment (RUC) processes, as described in Section 5, Transmission Security Analysis and Reliability Unit Commitment. Under certain conditions during the Adjustment Period, ERCOT may also open one or more Supplemental Ancillary Service Markets (SASMs), as described in Section 6.4.8.2, Supplemental Ancillary Services Market.

(3) During Real-Time operations, ERCOT dispatches Resources under normal system conditions and behavior based on economics and reliability to match system Load with On-Line generation while observing Resource and transmission constraints. The Security-Constrained Economic Dispatch (SCED) process produces Base Points for Resources. ERCOT uses the Base Points from the SCED process and uses the deployment of Regulation Up (Reg-Up), Regulation Down (Reg-Down), Responsive Reserve (RRS), and Non-Spinning Reserve (Non-Spin) to control frequency and solve potential reliability issues.

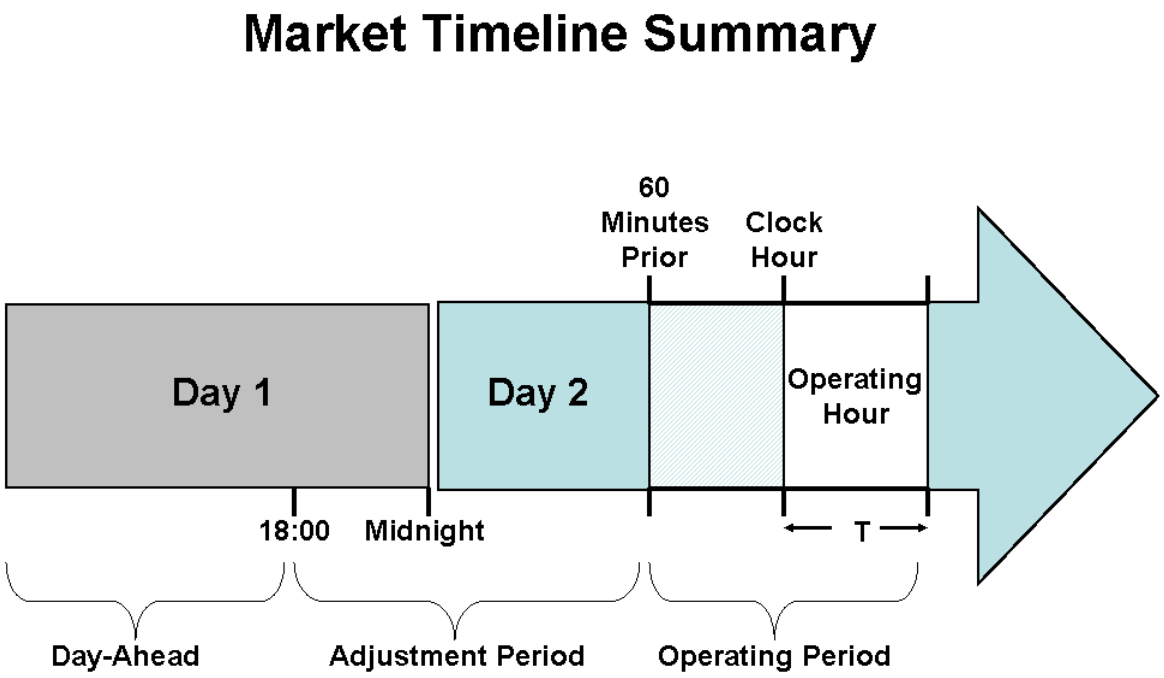
(4) Under Emergency Conditions, as described in Section 6.5.9, Emergency Operations, ERCOT may implement manual procedures and must keep the Market Participants informed of the status of the system.

(5) Real-Time energy settlements use Real-Time Settlement Point Prices that are calculated for Resource Nodes, Load Zones, and Hubs for a 15-minute Settlement Interval, using the Locational Marginal Prices (LMPs) from all of the executions of SCED in the Settlement Interval. In contrast, the Day-Ahead Market (DAM) energy settlements will use DAM Settlement Point Prices that are calculated for Resource Nodes, Load Zones, and Hubs for a one-hour Settlement Interval.

(6) To the extent that the ERCOT CEO or designee determines that Market Participant activities have produced an outcome inconsistent with the efficient operation of the ERCOT-administered markets as defined in subsection (c)(2) of P.U.C. SUBST. R. 25.503, Oversight of Wholesale Market Participants, ERCOT may prohibit the activity by Notice for a period beginning on the date of the Notice and ending no later than 45 days after the date of the Notice. ERCOT may issue subsequent Notices on the same activity. The ERCOT CEO may deem any Nodal Protocol Revision Request (NPRR) designed to correct the activity or issues affecting the activity as Urgent pursuant to Section 21.5, Urgent Nodal Protocol Revision Requests.

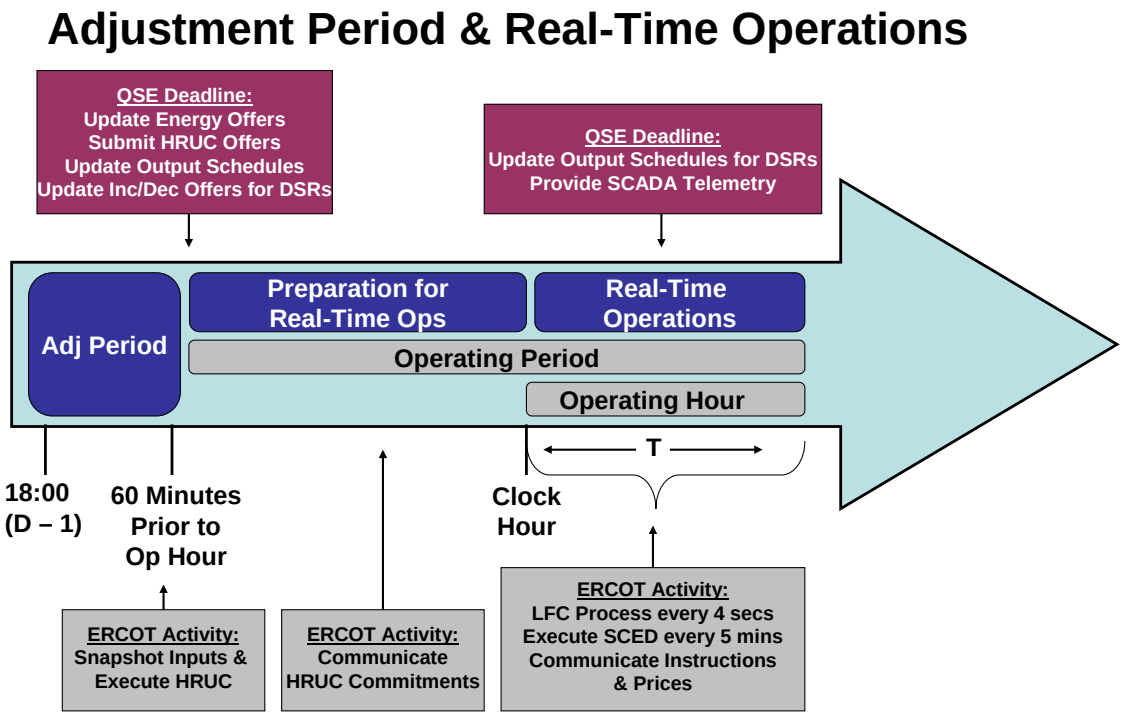
6.2 Market Timeline Summary

The figure below is a high-level summary of the overall market timeline:



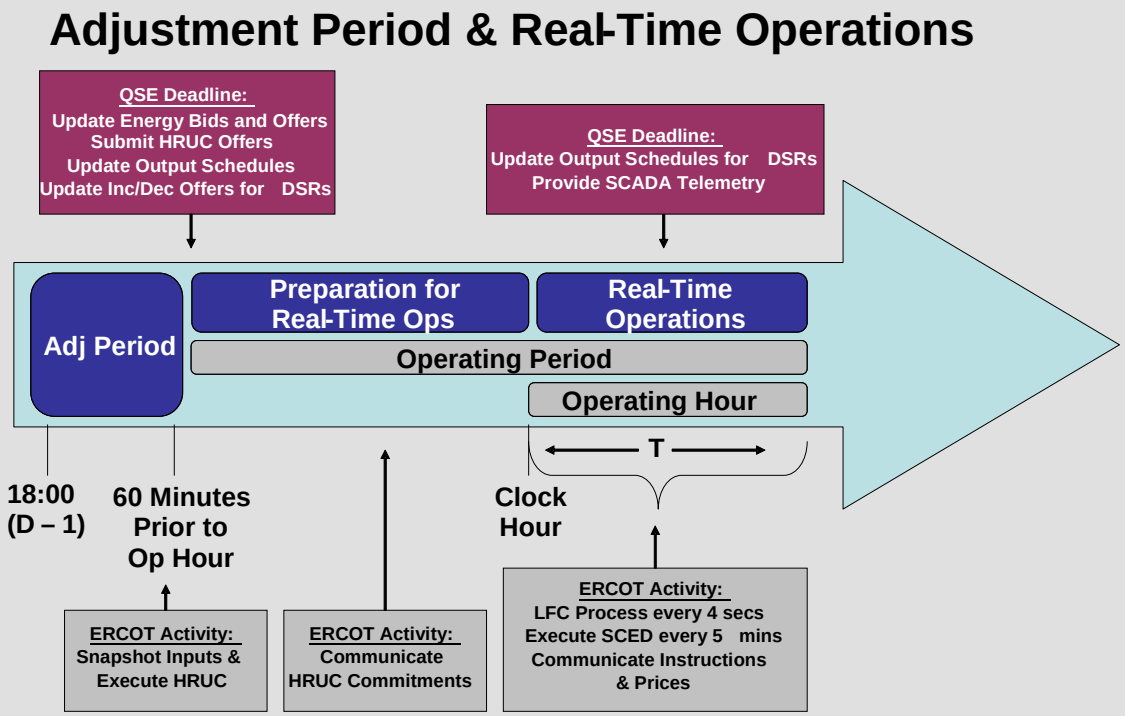
6.3 Adjustment Period and Real-Time Operations Timeline

(1) The figure below highlights the major activities that occur in the Adjustment Period and Real-Time operations:



[NPRR555: Replace paragraph (1) above with the following upon system implementation:]

(1) The figure below highlights the major activities that occur in the Adjustment Period and Real-Time operations:



(2) Activities for the Adjustment Period begin at 1800 in the Day-Ahead and end one full hour before the start of the Operating Hour. The figure above is intended to be only a general guide and not controlling language, and any conflict between this figure and another section of the Protocols is controlled by the other section.

(3) ERCOT shall monitor Real-Time Locational Marginal Prices (LMPs), Supplemental Ancillary Services Market (SASM) Market Clearing Prices for Capacity (MCPCs), and Real-Time Settlement Point Prices, including Real-Time prices for energy metered, for errors and if there are conditions that cause the price to be questionable, ERCOT shall notify all Market Participants that the Real-Time LMPs, SASM MCPCs, and Real-Time Settlement Point Prices are under investigation as soon as practicable.

(4) ERCOT shall correct prices when: (i) a market solution is determined to be invalid, (ii) invalid prices are identified in an otherwise valid market solution, or (iii) the Base Points received by Market Participants are inconsistent with the Base Points of a valid market solution, unless accurate prices cannot be determined. The following are some reasons that may cause these conditions.

(a) Data Input error: Missing, incomplete, stale, or incorrect versions of one or more data elements input to the market applications may result in an invalid market solution and/or prices.

(b) Data Output error: These include: (i) incorrect or incomplete data transfer, (ii) price recalculation error in post-processing, and (iii) Base Points inconsistent with prices due to the Emergency Base Point flag remaining activated even when the Security-Constrained Economic Dispatch (SCED) solution is valid.

(c) Hardware/Software error: These include unpredicted hardware or software failures, planned market system or database outages, planned application or database upgrades, software implementation errors, and failure of the market run to complete.

(d) Inconsistency with the Protocols or Public Utility Commission of Texas (PUCT) Substantive Rules: Pricing errors may occur when specific circumstances result in prices that are in conflict with such Protocol language or the PUCT Substantive Rules.

(5) If it is determined that any Real-Time Settlement Point Prices, Settlement Point LMPs, Electrical Bus LMPs, Real-Time prices for energy metered, and/or constraint Shadow Prices are erroneous, ERCOT shall correct the prices before the prices are considered final in paragraph (6) below. Specifically:

(a) If it is determined that correcting the Real-Time Settlement Point Prices will not affect the Base Points that were received by Qualified Scheduling Entities (QSEs), then ERCOT shall correct the prices before the prices are considered final in paragraph (6) below.

(b) If it is determined that correcting the Real-Time Settlement Point Prices will affect the Base Points that were received by QSEs, then ERCOT shall correct the prices before the prices are considered final and settle the SCED executions as failed in accordance with Section 6.5.9.2, Failure of the SCED Process.

(c) If the Base Points received by QSEs are inconsistent with the Real-Time Settlement Point Prices, then ERCOT shall consider those Base Points as due to manual override from the ERCOT Operator and settle the relevant Settlement Interval(s) in accordance with Section 6.6.9, Emergency Operations Settlement.

(6) All Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, and SASM MCPCs are final at 1600 of the second Business Day after the Operating Day.

(a) However, after Real-Time LMPs, Real Time Settlement Point Prices, Real-Time prices for energy metered, and SASM MCPCs are final, if ERCOT determines that prices are in need of correction and seeks ERCOT Board review of such prices, it shall notify Market Participants and describe the need for such correction as soon as practicable but no later than 30 days after the Operating

Day. Failure to notify Market Participants within this timeline precludes the ERCOT Board from reviewing such prices. However, nothing in this section shall be understood to limit or otherwise inhibit any of the following:

(i) ERCOT's duty to inform the PUCT of potential or actual violations of the ERCOT Protocols or PUCT Rules and its right to request that the PUCT authorize correction of any prices that may have been affected by such potential or actual violations;

(ii) The PUCT's authority to order price corrections when permitted to do so under other law; or

(iii) ERCOT's authority to grant relief to a Market Participant pursuant to the timelines specified in Section 20, Alternative Dispute Resolution Procedure.

(b) The ERCOT Board may review and change Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, and SASM MCPCs if ERCOT gave timely notice to Market Participants and the ERCOT Board finds that such prices are significantly affected by an error.

(c) In review of Real-Time LMPs, Real Time Settlement Point Prices, Real-Time prices for energy metered, and SASM MCPCs, the ERCOT Board may rely on the same reasons identified in paragraph (4) above to find that the prices are significantly affected by an error.

6.3.1 Activities for the Adjustment Period

The following table summarizes the timeline for the Adjustment Period and the activities of QSEs and ERCOT. The table is intended to be only a general guide and not controlling language, and any conflict between this table and another section of the Protocols is controlled by the other section:

Adjustment Period	**QSE Activities**	**ERCOT Activities**
Time = From 1800 in the Day-Ahead up to one hour before the start of the Operating Hour	Submit and update Energy Trades, Capacity Trades, Self-Schedules, and Ancillary Service Trades Submit and update Output Schedules Submit and update Incremental and Decremental Energy Offer Curves for Dynamically Scheduled Resources (DSRs) Submit and update Energy Offer Curves Update Current Operating Plan (COP)	Post shift schedules on the Market Information System (MIS) Secure Area Validate Energy Trades, Capacity Trades, Self-Schedules, and Ancillary Service Trades and identify invalid or mismatched trades Validate Output Schedules Validate Incremental and Decremental Energy Offer Curves Validate Energy Offer Curves

Adjustment Period	QSE Activities	ERCOT Activities
	Request Resource decommitments Submit Three-Part Supply Offers for Off-Line Generation Resources Submit offers for any Supplemental Ancillary Service Markets Communicate Resource Forced Outages	Validate COP including validation of the deliverability of Ancillary Services from Resources for the next Operating Period Review and approve or reject Resource decommitments Validate Three-Part Supply Offers Publish Notice of Need to Procure Additional Ancillary Service capacity if required Validate Ancillary Service Offers At the end of the Adjustment Period snap-shot the net capacity credits for Hourly Reliability Unit Commitment (HRUC) Settlement Update Short-Term Wind Power Forecast (STWPF) Execute the Hour-Ahead Sequence Notify the QSE via the MIS Certified Area that an Energy Offer Curve or Output Schedule has not yet been submitted for a Resource as a reminder that one of the two must be submitted by the end of the Adjustment Period

[NPRR555: Replace Section 6.3.1 above with the following upon system implementation:]

6.3.1 Activities for the Adjustment Period

The following table summarizes the timeline for the Adjustment Period and the activities of QSEs and ERCOT. The table is intended to be only a general guide and not controlling language, and any conflict between this table and another section of the Protocols is controlled by the other section:

Adjustment Period	QSE Activities	ERCOT Activities
Time = From 1800 in the Day-Ahead up to one hour before the start of the Operating Hour	Submit and update Energy Trades, Capacity Trades, Self-Schedules, and Ancillary Service Trades Submit and update Output Schedules Submit and update Incremental and	Post shift schedules on the Market Information System (MIS) Secure Area Validate Energy Trades, Capacity Trades, Self-Schedules, and Ancillary Service Trades and identify invalid or mismatched trades

	Decremental Energy Offer Curves for Dynamically Scheduled Resources (DSRs) Submit and update Energy Offer Curves and/or Real-Time Market (RTM) Energy Bids Update Current Operating Plan (COP) Request Resource decommitments Submit Three-Part Supply Offers for Off-Line Generation Resources Submit offers for any Supplemental Ancillary Service Markets Communicate Resource Forced Outages	Validate Output Schedules Validate Incremental and Decremental Energy Offer Curves Validate Energy Offer Curves and/or RTM Energy Bids Validate COP including validation of the deliverability of Ancillary Services from Resources for the next Operating Period Review and approve or reject Resource decommitments Validate Three-Part Supply Offers Publish Notice of Need to Procure Additional Ancillary Service capacity if required Validate Ancillary Service Offers At the end of the Adjustment Period snap-shot the net capacity credits for Hourly Reliability Unit Commitment (HRUC) Settlement Update Short-Term Wind Power Forecast (STWPF) Execute the Hour-Ahead Sequence Notify the QSE via the MIS Certified Area that an Energy Offer Curve, RTM Energy Bid or Output Schedule has not yet been submitted for a Resource as a reminder that one of the three must be submitted by the end of the Adjustment Period

6.3.2 Activities for Real-Time Operations

(1) Activities for Real-Time operations begin at the end of the Adjustment Period and conclude at the close of the Operating Hour.

(2) The following table summarizes the timeline for the Operating Period and the activities of QSEs and ERCOT during Real-Time operations where "T" represents any instant within the Operating Hour. The table is intended to be only a general guide and not controlling language, and any conflict between this table and another section of the Protocols is controlled by the other section:

Operating Period	QSE Activities	ERCOT Activities
During the first hour of the Operating Period		Execute the Hour-Ahead Sequence, including HRUC, beginning with the second hour of the Operating Period Review and communicate HRUC commitments and Direct Current Tie (DC Tie) Schedule curtailments Snapshot the Scheduled Power Consumption for Controllable Load Resources
Before the start of each SCED run	Update Output Schedules for DSRs	Validate Output Schedules for DSRs Execute Real-Time Sequence
SCED run		Execute SCED
During the Operating Hour	Telemeter the Ancillary Service Resource Responsibility for each Resource Acknowledge receipt of Dispatch Instructions Comply with Dispatch Instruction Review Resource Status to assure current state of the Resources is properly telemetered Update COP with actual Resource Status and limits and Ancillary Service Schedules Communicate Resource Forced Outages to ERCOT Communicate to ERCOT Resource changes to Ancillary Service Resource Responsibility via telemetry in the time window beginning 30 seconds prior to the five-minute clock interval and ending ten seconds prior to that five-minute clock interval	Communicate all binding Base Points, Dispatch Instructions and LMPs for energy and Ancillary Services using Inter-Control Center Communications Protocol (ICCP) or Verbal Dispatch Instructions (VDIs) Monitor Resource Status and identify discrepancies between COP and telemetered Resource Status Restart Real-Time Sequence on major change of Resource or Transmission Element Status Monitor ERCOT total system capacity providing Ancillary Services Validate COP information Monitor ERCOT control performance Distribute by ICCP, and post on the MIS Public Area, the LMPs created by each SCED process for each Resource Node, Load Zone and Hub. These prices shall be posted immediately subsequent to deployment of Base Points from SCED with the time stamp the prices are effective Post LMPs for each Electrical Bus on the MIS Public Area. These prices shall be posted immediately subsequent to deployment of Base Points from each binding SCED with the time stamp the prices are effective Post on the MIS Public Area the projected non-binding LMPs created by each SCED process for each Resource Node, the

Operating Period	QSE Activities	ERCOT Activities
		projected Hub LMPs and Load Zone LMPs. These projected prices shall be posted at a frequency of every five minutes from SCED for at least 15 minutes in the future with the time stamp of the SCED process that produced the projections Post on the MIS Certified Area the projected non-binding Base Points for each Resource created by each SCED process. These projected non-binding Base Points shall be posted at a frequency of every five minutes from SCED for at least 15 minutes in the future with the time stamp of the SCED process that produced the projections Post each hour on the MIS Public Area binding SCED Shadow Prices and active binding transmission constraints by Transmission Element name (contingency /overloaded element pairs) Post the Settlement Point Prices for each Settlement Point immediately following the end of each Settlement Interval Post parameters as required by Section 6.4.8, Ancillary Services Capacity During the Adjustment Period and in Real-Time, on the MIS Public Area

[NPRR492: Replace paragraph (2) above with the following upon system implementation:]

(2) The following table summarizes the timeline for the Operating Period and the activities of QSEs and ERCOT during Real-Time operations where "T" represents any instant within the Operating Hour. The table is intended to be only a general guide and not controlling language, and any conflict between this table and another section of the Protocols is controlled by the other section:

Operating Period	QSE Activities	ERCOT Activities
During the first hour of the Operating Period		Execute the Hour-Ahead Sequence, including HRUC, beginning with the second hour of the Operating Period Review and communicate HRUC commitments and Direct Current Tie (DC Tie) Schedule curtailments Snapshot the Scheduled Power Consumption for Controllable Load Resources

Before the start of each SCED run	Update Output Schedules for DSRs	Validate Output Schedules for DSRs Execute Real-Time Sequence
SCED run		Execute SCED
During the Operating Hour	Telemeter the Ancillary Service Resource Responsibility for each Resource Acknowledge receipt of Dispatch Instructions Comply with Dispatch Instruction Review Resource Status to assure current state of the Resources is properly telemetered Update COP with actual Resource Status and limits and Ancillary Service Schedules Communicate Resource Forced Outages to ERCOT Communicate to ERCOT Resource changes to Ancillary Service Resource Responsibility via telemetry in the time window beginning 30 seconds prior to the five-minute clock interval and ending ten seconds prior to that five-minute clock interval	Communicate all binding Base Points, Dispatch Instructions and LMPs for energy and Ancillary Services using Inter-Control Center Communications Protocol (ICCP) or Verbal Dispatch Instructions (VDIs) Monitor Resource Status and identify discrepancies between COP and telemetered Resource Status Restart Real-Time Sequence on major change of Resource or Transmission Element Status Monitor ERCOT total system capacity providing Ancillary Services Validate COP information Monitor ERCOT control performance Distribute by ICCP, and post on the MIS Public Area, System Lambda and the LMPs for each Resource Node, Load Zone and Hub created by each SCED process. These prices shall be posted immediately subsequent to deployment of Base Points from SCED with the time stamp the prices are effective Post LMPs for each Electrical Bus on the MIS Public Area. These prices shall be posted immediately subsequent to deployment of Base Points from each binding SCED with the time stamp the prices are effective Post on the MIS Public Area the projected non-binding LMPs created by each SCED process for each Resource Node, the projected Hub LMPs and Load Zone LMPs. These projected prices shall be posted at a frequency of every five minutes from SCED for at least 15 minutes in the future with the time stamp of the SCED process that produced the projections Post on the MIS Certified Area the projected non-binding Base Points for each Resource created by each SCED process. These projected non-binding Base Points shall be posted at a frequency of every five minutes

		from SCED for at least 15 minutes in the future with the time stamp of the SCED process that produced the projections Post each hour on the MIS Public Area binding SCED Shadow Prices and active binding transmission constraints by Transmission Element name (contingency /overloaded element pairs) Post the Settlement Point Prices for each Settlement Point immediately following the end of each Settlement Interval Post parameters as required by Section 6.4.8, Ancillary Services Capacity During the Adjustment Period and in Real-Time, on the MIS Public Area

(3) At the beginning of each hour, ERCOT shall post on the MIS Public Area the following information:

(a) Changes in ERCOT System conditions that could affect the security and dynamic transmission limits of the ERCOT System, including:

(i) Changes or expected changes, in the status of Transmission Facilities as recorded in the Outage Scheduler for the remaining hours of the current Operating Day and all hours of the next Operating Day; and

(ii) Any conditions such as adverse weather conditions as determined from the ERCOT-designated weather service;

(b) Updated system-wide Load forecasts;

(c) The quantities of Reliability Must-Run (RMR) Services deployed by ERCOT for each previous hour of the current Operating Day;

(d) Total ERCOT System Demand, from Real-Time operations, integrated over each Settlement Interval; and

(e) Updated Electrical Bus Load distribution factors and other information necessary to forecast Electrical Bus Loads for each hour of the current Operating Day and all hours of the next Operating Day.

(4) No later than 0600, ERCOT shall post on the MIS Public Area the actual system Load by Weather Zone for each hour of the previous Operating Day.

6.3.3 Real-Time Timeline Deviations

ERCOT may temporarily deviate from the Real-Time deadlines but only to the extent necessary to ensure the secure operation of the ERCOT System. Temporary measures may include varying the timing requirements as specified below or omitting one or more procedures in the Real-Time Sequence. In such an event, ERCOT shall immediately declare an Emergency Condition and notify all QSEs of the following:

(a) Details of the affected timing requirements and procedures;

(b) Details of any interim requirements;

(c) An estimate of the period for which the interim requirements apply; and

(d) Reasons for the temporary variation.

6.3.4 ERCOT Notification of Validation Rules for Real-Time

ERCOT shall provide each QSE with the information necessary to pre-validate its data for Real-Time operations including publishing validation rules for offers, bids, and trades and posting any software documentation and code that is not Protected Information to the MIS Secure Area within five Business Days after receipt by ERCOT.

6.4 Adjustment Period

6.4.1 Capacity Trade, Energy Trade, Self-Schedule, and Ancillary Service Trades

(1) A detailed explanation of Capacity Trade criteria and validations performed by ERCOT is provided in Section 4.4.1, Capacity Trades. A QSE may submit and update Capacity Trades during the Adjustment Period.

(2) A detailed explanation of Energy Trade criteria and validations performed by ERCOT is provided in Section 4.4.2, Energy Trades. A QSE may submit and update Energy Trades during the Adjustment Period and through 1430 on the day following the Operating Day for Settlement.

(3) A detailed explanation of Self-Schedule criteria and validations performed by ERCOT is provided in Section 4.4.3, Self-Schedules. A QSE may submit and update Self-Schedules during the Adjustment Period.

(4) A detailed explanation of Ancillary Service Trade criteria and validations performed by ERCOT is provided in Section 4.4.7.3, Ancillary Service Trades. A QSE may submit and update Ancillary Service Trades during the Adjustment Period.

6.4.2 Output Schedules

(1) A QSE that represents a Resource, other than an RMR Unit, must submit and maintain either an Energy Offer Curve or an Output Schedule for the Resource for all times when the Resource is On-Line.

(2) For an On-Line RMR Unit, ERCOT, in its sole discretion, shall submit either an Output Schedule or an Energy Offer Curve, considering contractual constraints on the Resource and any other adverse effects on, or implications arising from, the RMR Agreement, that may occur as the result of the Dispatch of the RMR Unit.

(3) The entry of an Energy Offer Curve for a Resource automatically nullifies the Output Schedule for that Resource and prohibits entry of future Output Schedules for that Resource for the time during which the Energy Offer Curve is in effect.

(4) For a Resource for which an Energy Offer Curve has not been submitted, the SCED process uses the Output Schedule submitted for that Resource as desired Dispatch levels for the Resource.

6.4.2.1 Output Schedules for Resources Other than Dynamically Scheduled Resources

(1) An Output Schedule for a non-DSR Resource may be submitted and updated only during the Adjustment Period. An Output Schedule for a non-DSR Resource may be submitted and updated for each five-minute interval for each Operating Hour.

(2) For a Resource that is not a DSR and that is On-Line, the following provisions apply:

(a) The Output Schedule for a Qualifying Facility (QF) not submitting an Energy Offer Curve is considered to be equal to the telemetered output of the QF at the time that the SCED runs;

(b) The Output Schedule for Intermittent Renewable Resources (IRR) not submitting Energy Offer Curves is considered to be equal to the telemetered output of the Resource at the time that the SCED runs; and

(c) ERCOT shall create proxy Energy Offer Curves for the Resource under Section 6.5.7.3, Security Constrained Economic Dispatch, paragraph (3)(a).

6.4.2.2 Output Schedules for Dynamically Scheduled Resources

(1) A QSE representing a DSR may update the Output Schedule for a dispatch interval at any time before the SCED process for that interval.

(2) For a DSR that is On-Line, the following provisions apply:

(a) For an On-Line DSR for which its QSE has not submitted an Incremental and Decremental Energy Offer Curve, ERCOT shall use the Output Schedule

available at the SCED snapshot for the execution of the SCED and shall assume that the scheduled MW amount in the Output Schedule is the Base Point for the DSR for that SCED interval. ERCOT shall create proxy Energy Offer Curves for the DSR under Section 6.5.7.3, Security Constrained Economic Dispatch, paragraph (3)(a).

(b) If the QSE representing a DSR submits an Incremental and Decremental Energy Offer Curve under Section 6.4.4, Incremental and Decremental Energy Offer Curves, then ERCOT shall use the Incremental and Decremental Energy Offer Curve to create proxy Energy Offer Curves for the DSR under Section 6.5.7.3(3)(b).

(c) For a DSR that is dispatched to a Base Point other than its Output Schedule for that SCED interval, the Base-Point Deviation Charge under Section 6.6.5, Generation Resource Base-Point Deviation Charge, applies:

(i) Beginning after four consecutive, complete 15-minute Settlement Intervals have occurred after the DSR is dispatched to a Base Point other than its Output Schedule; and

(ii) Ending when the DSR is no longer dispatched to a Base Point other than its Output Schedule.

(d) After the DSR is no longer dispatched to a Base Point other than its Output Schedule, the 15 MW or 15% limit, whichever is greater, under paragraph (3) of Section 6.4.2.3, Output Schedule Criteria, does not apply to the DSR until four consecutive, complete 15-minute Settlement Intervals have occurred after the DSR is no longer dispatched to a Base Point other than its Output Schedule.

6.4.2.3 Output Schedule Criteria

(1) An Output Schedule submitted by a QSE for a Resource that is not an RMR Unit and by ERCOT for an RMR Unit must include the following:

(a) The name of the Entity submitting the Output Schedule for the Resource;

(b) The name of the Resource;

(c) The desired MW output level for each five-minute interval for the Resource for all of the remaining five-minute intervals in the Operating Day for which an Energy Offer Curve has not been submitted.

(2) ERCOT must reject an Output Schedule for a Resource if an Energy Offer Curve corresponding to any period in the Output Schedule exists;

(3) For a QSE representing one or more DSRs, the sum of all Output Schedules (excluding Ancillary Services energy deployments, energy deployed through Dispatch Instructions,

and Energy Trades) for the QSE must be within 15% or 15 MW (whichever is greater) of the aggregate telemetered DSR Load;

(4) The MW difference between Output Schedules for any two consecutive five-minute intervals must be less than ten times the SCED Up Ramp Rate (SURAMP) for schedules showing an increase from the prior period and the SCED Down Ramp Rate (SDRAMP) for schedules showing a decrease from the prior period.

(5) The Output Schedule for each interval in the Operating Period must be less than or equal to the Resource's High Sustained Limit (HSL) and must be greater than or equal to the Resource's Low Sustained Limit (LSL) for the corresponding hour.

6.4.2.4 Output Schedule Validation

(1) A validated Output Schedule is a schedule that ERCOT has determined meets the criteria listed in Section 6.4.2.3, Output Schedule Criteria.

(2) ERCOT shall notify the QSE submitting an Output Schedule by the Messaging System if the schedule was rejected or was considered invalid for any reason. The QSE may then resubmit the schedule within the appropriate market timeline.

(3) ERCOT shall continuously validate Output Schedules and continuously display on the Market Information System (MIS) Certified Area information that allows any QSE to view its valid Output Schedule.

(4) If a valid Output Schedule does not exist for a Resource that has a status of On-Line DSR at the time of SCED execution, then ERCOT shall notify the QSE and set the Output Schedule equal to the telemetered output of the Resource until a revised Output Schedule is validated.

(5) For Generation Resources with a Resource Status other than ONTEST, STARTUP, or SHUTDOWN, if a valid Energy Offer Curve or an Output Schedule does not exist for a non-DSR that has a status of On-Line at the end of the Adjustment Period, then ERCOT shall notify the QSE and set the Output Schedule equal to the then current telemetered output of the Resource until an Output Schedule or Energy Offer Curve is submitted in a subsequent Adjustment Period.

6.4.2.5 DSR Load

(1) A QSE may designate a Resource in the Current Operating Plan (COP) and through the telemetered Resource Status as a participant in the QSE's control of DSR Load under the requirements in Section 16.2.3.2, Process to Gain Approval to Follow DSR Load.

(2) Each QSE may not have more than one DSR Load.

(3) The following principles for DSR Load apply:

(a) All power signals for DSR Load must be sent to ERCOT in Real-Time by telemetry; and

(b) If a DSR Load signal is lost for any reason for a period greater than one 15-minute Settlement Interval, then ERCOT shall notify the QSE and suspend validation of Dynamically Scheduled Resource Output Schedules. If the DSR Load signal fails for more than ten consecutive hours, ERCOT shall suspend the QSE's ability to use Dynamically Scheduled Resources until the signal is reliably restored (as determined by ERCOT). If the signal failure is identified to be an ERCOT communication problem, ERCOT may not suspend the QSE's ability to use Dynamically Scheduled Resources.

[NPRR555: Insert Sections 6.4.3, 6.4.3.1, 6.4.3.1.1, and 6.4.3.1.2 below upon system implementation and renumber accordingly:]

6.4.3 Real-Time Market (RTM) Energy Bids and Offers

6.4.3.1 RTM Energy Bids

(1) A QSE may submit Controllable Load Resource-specific Real-Time Market (RTM) Energy Bids by the end of the Adjustment Period on behalf of a Load Serving Entity (LSE) representing a Controllable Load Resource.

(2) An RTM Energy Bid represents the willingness to buy energy at or below a certain price, not to exceed the System-Wide Offer Cap (SWCAP), for the Demand response capability of a Controllable Load Resource in the RTM.

(3) RTM Energy Bids remain active for the offered period until either:

(a) Selected by ERCOT; or

(b) Automatically inactivated at the offer expiration time specified in the RTM Energy Bid.

(4) For any Operating Hour, the QSE may submit or change an RTM Energy Bid in the Adjustment Period. If, by the end of the Adjustment Period, the QSE has not submitted a valid RTM Energy Bid, ERCOT shall create a proxy RTM Energy Bid for the entire Demand response capability of that Load Resource with a not-to-exceed price at the SWCAP.

(5) The QSE may remove the Controllable Load Resource from SCED Dispatch by changing the Load Resource's telemetered Resource Status or ramp rates appropriately. The QSE will update the COP Resource Status accordingly as soon as practicable.

6.4.3.1.1 RTM Energy Bid Criteria

(1) Each RTM Energy Bid submitted by a QSE must include the following information:

(a) The QSE;

(b) The relevant Load Resource;

(c) A bid curve with no more than ten price/quantity pairs with monotonically non-increasing not-to-exceed prices (in $/MWh) and with increasing quantities ranging from zero to the Load Resource's maximum demand response capability (in MW) represented by the difference between the Load Resource's telemetered Maximum Power Consumption (MPC) and Low Power Consumption (LPC);

(d) The first and last hour of the bid; and

(e) The expiration time and date of the bid.

(2) The software systems must be able to provide ERCOT with the ability to enter Resource-specific RTM Energy Bid floors and caps.

(3) The minimum amount per Load Resource for each RTM Energy Bid that may be submitted is one-tenth (0.1) MW.

(4) If a Controllable Load Resource is carrying Ancillary Service Resource Responsibility, its RTM Energy Bid must be priced no lower than the applicable Ancillary Service offer floor as defined in Section 6.4.3.2, Energy Offer Curve and RTM Energy Bid for Non-Spinning Reserve Capacity, and Section 6.4.3.3, Energy Offer Curve and RTM Energy Bid for Responsive Reserve and Regulation Up Capacity, and must be priced no higher than the SWCAP.

6.4.3.1.2 RTM Energy Bid Validation

(1) A valid RTM Energy Bid is a bid that ERCOT has determined meets the criteria listed in Section 6.4.3.1.1, RTM Energy Bid Criteria.

(2) ERCOT shall notify the QSE submitting an RTM Energy Bid by the Messaging System if the bid was rejected or was considered invalid for any reason. The QSE may then resubmit the bid within the appropriate market timeline.

(3) ERCOT shall continuously validate RTM Energy Bids and continuously display on the MIS Certified Area information that allows any QSE to view its valid RTM Energy Bids.

6.4.3 Energy Offer Curve

(1) A detailed description of Energy Offer Curve and validations performed by ERCOT is in Section 4.4.9, Energy Offers and Bids.

(2) For an On-Line RMR Unit, ERCOT, in its sole discretion, shall submit either an Output Schedule or an Energy Offer Curve considering contractual constraints on the Resource and any other adverse effects on, or implications arising from, the RMR Agreement, that may occur as the result of the Dispatch of the RMR Unit. If ERCOT chooses to submit an Energy Offer Curve instead of an Output Schedule, the RMR Unit's Energy Offer Curve must price all energy at the System-Wide Offer Cap (SWCAP) in $/MWh.

(3) For Generation Resources with a Resource Status other than ONTEST, STARTUP, or SHUTDOWN, if a valid Energy Offer Curve or an Output Schedule does not exist for a Resource that has a status of On-Line at the end of the Adjustment Period, then ERCOT shall notify the QSE. Except for IRRs, QF Resources, and DSRs, ERCOT shall create an Output Schedule equal to the then-current telemetered output of the Resource until an Output Schedule or Energy Offer Curve is submitted in a subsequent Adjustment Period.

6.4.3.1 Energy Offer Curve for RUC-Committed Resources

(1) Prior to the end of the Adjustment Period for an Operating Hour during which a Generation Resource has been committed by ERCOT as part of a Reliability Unit Commitment (RUC) process, the QSE shall ensure that an Energy Offer Curve that prices all energy from LSL to HSL at the SWCAP for the Operating Hours in the RUC commitment period, has been submitted and accepted by ERCOT. The Technical Advisory Committee (TAC) shall review the market impacts of the dollar value for energy for Generation Resources committed by the RUC process for RUC-Committed Intervals every January.

(2) If the QSE receives a RUC Dispatch Instruction from ERCOT for its Generation Resource during the Operating Period that includes a RUC-Committed Hour, then the QSE shall be exempt from the submission timeline requirement specified in paragraph (1) above for the RUC-Committed Hours during the Operating Period. The QSE shall submit the required Energy Offer Curve as soon as reasonably practicable after receipt of the RUC Dispatch Instruction for the RUC-Committed Hours in the Adjustment Period.

(3) The requirement in paragraph (1) above is not applicable for Weekly Reliability Unit Commitment (WRUC)-instructed hours during which the Resource was Day-Ahead Market (DAM)-committed or QSE self-committed.

6.4.3.2 Energy Offer Curve for Non-Spinning Reserve Capacity

The following applies to Generation Resources that a QSE assigns Non-Spinning Reserve (Non-Spin) Ancillary Service Resource Responsibility in its COP to meet the QSE's Ancillary Service Supply Responsibility for Non-Spin and includes both On-Line and Off-Line Non-Spin

assignments arising as the result of DAM or Supplemental Ancillary Services Market (SASM) Ancillary Service awards, or Self-Arranged Ancillary Service Quantity.

(a) Prior to the end of the Adjustment Period for an Operating Hour during which a Generation Resource is assigned Non-Spin Ancillary Service Resource Responsibility, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves submitted by the QSE for these Generation Resources must meet the following requirements:

(i) If the Generation Resource is providing On-Line Non-Spin capacity, the energy from this capacity may not be offered at less than $120 per MWh; or

(ii) If the Generation Resource is providing Off-Line Non-Spin capacity, the energy from this capacity may not be offered at less than $180 per MWh.

(b) Paragraph (a) above shall not restrict the ability of the QSE to update the Energy Offer Curves for its Generation Resources in accordance with these Protocols provided that in those Operating Hours in which a Generation Resource is assigned Non-Spin Ancillary Service Resource Responsibility, the portion of the Energy Offer Curve reserved for this Ancillary Service meets those requirements.

(c) If, in accordance with an ERCOT Dispatch Instruction or in accordance with Section 6.4.6, QSE-Requested Decommitment of Resources and Changes to Ancillary Service Resource Responsibility of Resources, the QSE moves Non-Spin Ancillary Service Resource Responsibility from a Generation Resource that experiences a Forced Outage, Derate or Startup Loading Failure during the Operating Period described in paragraph (a) above, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve that meets the requirements of this Section has been submitted as soon as reasonably practicable after the event.

(d) For the portion of the Non-Spin Ancillary Service Resource Responsibility provided from power augmentation participating as Off-Line, the criteria described in paragraph (a)(ii) above applies.

(e) For the Non-Spin Ancillary Service Resource Responsibility provided from Quick Start Generation Resources (QSGRs) that are available for deployment by SCED pursuant to Section 3.8.3, Quick Start Generation Resources, the pricing criteria described in paragraph (a)(i) above applies.

(f) To ensure that the Energy Offer Curves submitted in accordance with this section meets the requirement for a monotonically increasing Energy Offer Curve, the energy offer for capacity reserved for Responsive Reserve (RRS) and Regulation Up (Reg-Up) must also be offered by the QSE at no less than the minimums set forth in paragraph (a) above.

[NPRR555: Replace Section 6.4.3.2 above with the following upon system implementation and renumber accordingly:]

6.4.3.2 Energy Offer Curve and RTM Energy Bid for Non-Spinning Reserve Capacity

The following applies to Resources that a QSE assigns Non-Spinning Reserve (Non-Spin) Ancillary Service Resource Responsibility in its COP to meet the QSE's Ancillary Service Supply Responsibility for Non-Spin and includes both On-Line and Off-Line Non-Spin assignments arising as the result of DAM or Supplemental Ancillary Services Market (SASM) Ancillary Service awards, or Self-Arranged Ancillary Service Quantity.

(a) Prior to the end of the Adjustment Period for an Operating Hour during which a Resource is assigned Non-Spin Ancillary Service Resource Responsibility, the QSE shall ensure that a valid Output Schedule, Energy Offer Curve or RTM Energy Bid for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves or RTM Energy Bids submitted by the QSE for these Resources must meet the following requirements:

(i) If the Resource is a Generation Resource providing On-Line Non-Spin capacity, the energy from this capacity may not be offered at less than $120 per MWh;

(ii) If the Resource is a Generation Resource providing Off-Line Non-Spin capacity, the energy from this capacity may not be offered at less than $180 per MWh; and

(iii) If the Resource is a Controllable Load Resource providing Non-Spin capacity, the energy from this capacity may not be bid at less than $180 per MWh.

(b) Paragraph (a) above shall not restrict the ability of the QSE to update the Energy Offer Curves or RTM Energy Bids for its Resources in accordance with these Protocols provided that in those Operating Hours in which a Resource is assigned Non-Spin Ancillary Service Resource Responsibility, the portion of the Energy Offer Curve or RTM Energy Bid reserved for this Ancillary Service meets those requirements.

(c) If, in accordance with an ERCOT Dispatch Instruction or in accordance with Section 6.4.6, QSE-Requested Decommitment of Resources and Changes to Ancillary Service Resource Responsibility of Resources, the QSE moves Non-Spin Ancillary Service Resource Responsibility from a Generation Resource that experiences a Forced Outage, Derate or Startup Loading Failure during the Operating Period described in paragraph (a) above, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve that meets the requirements of this Section has been submitted as soon as reasonably practicable after the event.

(d) For the portion of the Non-Spin Ancillary Service Resource Responsibility

provided from power augmentation participating as Off-Line, the criteria described in paragraph (a)(ii) above applies.

(e) For the Non-Spin Ancillary Service Resource Responsibility provided from Quick Start Generation Resources (QSGRs) that are available for deployment by SCED pursuant to Section 3.8.3, Quick Start Generation Resources, the pricing criteria described in paragraph (a)(i) above applies.

(f) To ensure that the Energy Offer Curves submitted in accordance with this section meets the requirement for a monotonically increasing Energy Offer Curve, the energy offer for capacity reserved for Responsive Reserve (RRS) and Regulation Up (Reg-Up) must also be offered by the QSE at no less than the minimums set forth in paragraph (a) of Section 6.4.3.3, Energy Offer Curve and RTM Energy Bid for Responsive Reserve and Regulation Up Capacity.

(g) To ensure that the RTM Energy Bids submitted in accordance with this section meets the requirement for a monotonically non-increasing RTM Energy Bid, the energy bid for capacity reserved for RRS and Reg-Up must also be bid by the QSE at no less than the minimums set forth in paragraph (a) of Section 6.4.3.3.

6.4.3.3 Energy Offer Curve for Responsive Reserve and Regulation Up Capacity

The following applies to Generation Resources that a QSE assigns RRS and/or Reg-Up Ancillary Service Resource Responsibility in its COP to meet the QSE's Ancillary Service Supply Responsibility for RRS and/or Reg-Up in each Operating Hour. This includes RRS and Reg-Up Ancillary Service Resource Responsibility arising as the result of DAM or SASM Ancillary Service awards, or Self-Arranged Ancillary Service Quantity.

(a) Prior to the end of the Adjustment Period that precedes an Operating Period that includes an Operating Hour during which a Generation Resource is assigned RRS and/or Reg-Up Ancillary Service Resource Responsibility, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves submitted by the QSE for these Generation Resources must meet the following requirements:

(i) All energy output from the Generation Resource's capacity reserved to provide Reg-Up must be priced at the SWCAP in $/MWh; and

(ii) All energy output for the Generation Resource's capacity reserved to provide RRS must be priced at the SWCAP in $/MWh.

(b) Paragraph (a) above shall not restrict the ability of the QSE to update the Energy Offer Curves for its Generation Resources in accordance with these Protocols, provided that in those Operating Hours in which a Generation Resource is assigned RRS and/or Reg-Up Ancillary Service Resource Responsibility, the

portion of the Energy Offer Curve reserved for these Ancillary Services meet the requirements set forth in paragraph (a) above.

(c) If, in accordance with an ERCOT Dispatch Instruction, or in accordance with Section 6.4.6, QSE-Requested Decommitment of Resources and Changes to Ancillary Service Resource Responsibility of Resources, the QSE moves RRS and/or Reg-Up Ancillary Service Resource Responsibility from a Generation Resource that experiences a Forced Outage, Derate, or Startup Loading Failure during the Operating Period described in paragraph (a) above, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve that meets the requirements of this Protocol section has been submitted as soon as reasonably practicable after the event.

[NPRR555: Replace Section 6.4.3.3 above with the following upon system implementation and renumber accordingly:]

6.4.3.3 Energy Offer Curve and RTM Energy Bid for Responsive Reserve and Regulation Up Capacity

The following applies to Generation Resources and Controllable Load Resources that a QSE assigns RRS and/or Reg-Up Ancillary Service Resource Responsibility in its COP to meet the QSE's Ancillary Service Supply Responsibility for RRS and/or Reg-Up in each Operating Hour. This includes RRS and Reg-Up Ancillary Service Resource Responsibility arising as the result of DAM or SASM Ancillary Service awards, or Self-Arranged Ancillary Service Quantity.

(a) Prior to the end of the Adjustment Period that precedes an Operating Period that includes an Operating Hour during which a Resource is assigned RRS and/or Reg-Up Ancillary Service Resource Responsibility, the QSE shall ensure that a valid Output Schedule, Energy Offer Curve or RTM Energy Bid for the Operating Hour has been submitted and accepted by ERCOT. The Energy Offer Curves and RTM Energy Bids submitted by the QSE for these Generation Resources must meet the following requirements:

(i) All energy output from the Generation Resource's capacity reserved to provide Reg-Up must be priced at the SWCAP in $/MWh;

(ii) All energy output for the Generation Resource's capacity reserved to provide RRS must be priced at the SWCAP in $/MWh;

(iii) All Demand response capability from the Controllable Load Resource's capacity reserved to provide Reg-Up must be priced at the SWCAP in $/MWh; and

(iv) All Demand response capability from the Controllable Load Resource's capacity reserved to provide RRS must be priced at the SWCAP in $/MWh.

(b) Paragraph (a) above shall not restrict the ability of the QSE to update the Energy Offer Curves or RTM Energy Bids for its Resources in accordance with these Protocols, provided that in those Operating Hours in which a Resource is assigned RRS and/or Reg-Up Ancillary Service Resource Responsibility, the portion of the Energy Offer Curve or RTM Energy Bid reserved for these Ancillary Services meet the requirements set forth in paragraph (a) above.

(c) If, in accordance with an ERCOT Dispatch Instruction, or in accordance with Section 6.4.6, QSE-Requested Decommitment of Resources and Changes to Ancillary Service Resource Responsibility of Resources, the QSE moves RRS and/or Reg-Up Ancillary Service Resource Responsibility from a Generation Resource that experiences a Forced Outage, Derate, or Startup Loading Failure during the Operating Period described in paragraph (a) above, the QSE shall ensure that a valid Output Schedule or Energy Offer Curve that meets the requirements of this Protocol section has been submitted as soon as reasonably practicable after the event.

6.4.4 Incremental and Decremental Energy Offer Curves

A QSE for a DSR may submit an Incremental Energy Offer Curve and a Decremental Energy Offer Curve in addition to the Output Schedule for the DSR. The Incremental and Decremental Energy Offer Curves prices must be within the range of -$250.00 per MWh and the System-Wide Offer Cap (SWCAP) in dollars per MWh with the quantity within the range of the High Reasonability Limit (HRL) and Low Reasonability Limit (LRL) as described in Section 3.7.1.1, Generation Resource Parameters. The first price/quantity pair for both the Incremental and Decremental Energy Offer Curves must provide an energy price at LRL and the last price/quantity pair must provide a price at HRL. At every MW value of the curves, the price of the Incremental Energy Offer Curve must be greater than the Decremental Energy Offer Curve. Incremental and Decremental Energy Offer Curves are subject to the same requirements for the same criteria and validations performed by ERCOT as provided in Section 4.4.9, Energy Offers and Bids.

6.4.5 Resource Status

(1) ERCOT shall use the telemetered Resource Status for all applications requiring status of Resources during the Operating Hour, including SCED and Load Frequency Control (LFC). QSEs shall provide ERCOT with accurate telemetry of the current capability of each Resource including the Resource Status, Ramp Rates, HSL, and LSL.

(2) ERCOT shall perform the following validations during the Operating Period:

(a) Each QSE shall provide the Real-Time operating status of each Resource to ERCOT by telemetry using the status codes in the Current Operating Plan (COP) for Real-Time as described in Section 3.9, Current Operating Plan (COP); and

(b) Five minutes before the end of each hour, ERCOT shall identify inconsistencies between the telemetered Resource Status and the Resource Status stated in the COP for that Resource in the next hour. On detecting an inconsistency, ERCOT shall provide a notice of inconsistent Resource Status to the QSE using the Messaging System.

6.4.6 QSE-Requested Decommitment of Resources and Changes to Ancillary Service Resource Responsibility of Resources

(1) A Resource must remain committed during any RUC-Committed Interval unless the Resource has a Forced Outage.

(2) In the Operating Period, a QSE may request to decommit a Resource other than a QSGR for any interval that is not a RUC-Committed Interval by verbally requesting ERCOT to consider its request.

(3) In the Operating Period, a QSE may decommit a QSGR without any request for any interval that is neither a RUC-Committed Interval nor an interval in which a manual override by the ERCOT Operator has been given.

(4) In the Adjustment Period, a QSE may request to decommit a Resource for any interval that is not a RUC-Committed Interval by indicating a change in unit status in the QSE's COP, unless the Resource received a WRUC instruction for the hour. A QSE may request to decommit a Resource for any interval that is a WRUC-instructed Interval and that is not a RUC-Committed Interval by verbally requesting ERCOT to consider its request.

[NPRR416: Replace paragraphs (1)-(4) above with the following upon system implementation:]

(1) A Resource must remain committed during any RUC-Committed Interval or RUC Buy-Back Hour unless the Resource has a Forced Outage.

(2) In the Operating Period, a QSE may request to decommit a Resource other than a QSGR for any interval that is not a RUC-Committed Interval or RUC Buy-Back Hour by verbally requesting ERCOT to consider its request.

(3) In the Operating Period, a QSE may decommit a QSGR without any request for any interval that is neither a RUC-Committed Interval, a RUC Buy-Back Hour, nor an interval in which a manual override by the ERCOT Operator has been given.

(4) In the Adjustment Period, a QSE may request to decommit a Resource for any interval that is not a RUC-Committed Interval or RUC Buy-Back Hour by indicating a change in unit status in the QSE's COP, unless the Resource received a WRUC instruction for the hour. A QSE may request to decommit a Resource for any interval that is a WRUC-instructed Interval and that is not a RUC-Committed Interval or RUC Buy-Back Hour by verbally requesting ERCOT to consider its request.

(5) In the Adjustment Period, a QSE may request ERCOT approval for moving an Ancillary Service Resource Responsibility from one Resource to another like Resource by changing its COP. ERCOT shall use the Hourly Reliability Unit Commitment (HRUC) and other processes to study the move and if Ancillary Services become undeliverable as a result of the proposed move, ERCOT shall follow the provisions of Section 6.4.8.1.2, Replacement of Undeliverable Ancillary Service Due to Transmission Constraints. The phrase "like Resource" means that Ancillary Service Resource Responsibility moves may only be from a Generation Resource to a Generation Resource, from a Load Resource to a Load Resource, or from a Load Resource to a Generation Resource.

(6) In the Operating Period, a QSE shall only provide an Ancillary Service from a Resource which was reported to ERCOT in the COP to be providing that Ancillary Service for the effective Operating Hour unless modified pursuant to paragraph (7) below.

(7) A QSE may vary the quantity of the Ancillary Service Resource Responsibility on Resources without obtaining prior ERCOT approval during the time window beginning 30 seconds prior to a five-minute clock interval and ending ten seconds prior to that five-minute clock interval, provided that the QSE complies with its total Ancillary Service Supply Responsibility.

6.4.6.1 QSE Request to Decommit Resources in the Operating Period

(1) For a request made during the Operating Period to decommit a Resource, ERCOT may perform a study using Real-Time conditions to determine if ERCOT will remain n-1 secure with that Resource Off-Line. ERCOT may grant the request provided the Resource is not providing any Ancillary Service Resource Responsibility and if analysis indicates the Resource Outage contingency results in no additional active constraints for SCED. ERCOT may only approve requests that do not have a reliability impact.

(2) If more units are requesting decommitment than can be accommodated, ERCOT shall review the requests in order of receipt.

6.4.6.2 QSE Request to Decommit Resources in the Adjustment Period

(1) To decommit an otherwise available Resource for hours other than the Operating Period, the QSE must update the COP indicating the change in Resource Status for each hour in the COP for the remaining hours in the Adjustment Period. On detection of a change from On-Line to Off-Line Available state in future hours for a Resource, ERCOT shall review all requests for decommitment using the next scheduled HRUC. The Resource must be shown as available for HRUC commitment. The next HRUC commitment must consider the Resource's Minimum-Energy Offer excluding the Resource's Startup Offer from the Three-Part Supply Offer.

(2) If HRUC continues to require the Resource to be committed, ERCOT shall notify the QSE, using the process described in Section 5.5.3, Communication of RUC Commitments and Decommitments, that the decommitment has been denied, and the

affected intervals become RUC-Committed Intervals instead of QSE-Committed Intervals for RUC Settlement purposes. The QSE must update its COP to denote the RUC-Committed Intervals.

6.4.7 Notification of Forced Outage of a Resource

In the event of a Forced Outage of a Resource, the telemetered status of the Resource automatically notifies ERCOT of the event. In the event of a Forced Outage, an impending Forced Outage, or de-rating of a Resource, the QSE shall inform ERCOT of the following:

(a) Time of expected change in Resource Status or rating;

(b) Text message describing the nature of the Forced Outage or de-rating updated as new information becomes available; and

(c) The expected minimum and maximum duration of the Forced Outage or de-rating.

6.4.8 Ancillary Services Capacity During the Adjustment Period and in Real-Time

6.4.8.1 Evaluation and Maintenance of Ancillary Service Capacity Sufficiency

(1) ERCOT shall evaluate Ancillary Service requirements and capacity sufficiency using evaluation tools including the Ancillary Services Capacity Monitor, described in Section 6.5.7.5, Ancillary Services Capacity Monitor, throughout the Adjustment Period and Operating Period.

(2) ERCOT may procure Ancillary Services in the Adjustment Period for the following reasons:

(a) Increased need of Ancillary Services capacity above that specified in the Day-Ahead;

(b) Replacement of Ancillary Services capacity that is undeliverable due to transmission constraints; or

(c) Replacement of Ancillary Services capacity due to failure to provide.

(3) A QSE may change the specific Resources supplying Ancillary Services under Section 3.9, Current Operating Plan (COP), using the QSE's Ancillary Service Resource Responsibility in the COP only if, in ERCOT's determination, that change does not adversely affect the deliverability of the service(s) being allocated to an alternate Resource and if that change does not adversely affect the deliverability of other services previously procured by ERCOT. A QSE may not change the quantity provided of each type of Ancillary Services awarded through the ERCOT procurement process or the aggregate Self-Arranged Ancillary Service Quantity (by Ancillary Service type) from the DAM. On detection of a change in COP for Resources providing Ancillary Services,

ERCOT shall review the impact on deliverability and communicate to the QSE if the change is not approved. The QSE must update its COP to reflect the ERCOT decision. If ERCOT does not act on the request by the beginning of the Operating Hour in which the change will take effect, the request is deemed approved.

6.4.8.1.1 ERCOT Increases to the Ancillary Services Plan

(1) If ERCOT determines in the Adjustment Period, in its sole discretion, that more Ancillary Services are needed for one or more Operating Hours than were provided in the Day-Ahead Ancillary Services Plan, it shall notify each QSE of its increased Ancillary Service Supply Obligation.

(2) ERCOT may procure more Ancillary Services through a Supplemental Ancillary Services Market, as described below in Section 6.4.8.2, Supplemental Ancillary Services Market (SASM) if the Self-Arranged Ancillary Service quantities are insufficient to meet the total Ancillary Service Supply Obligation.

(3) When a SASM has been executed in response to ERCOT increasing the Ancillary Services Plan, each QSE that purchases Ancillary Service capacity shall be charged its share of the net cost incurred for that service, in accordance with Section 6.7.3, Adjustments to Cost Allocations for Ancillary Services Procurement.

6.4.8.1.2 Replacement of Undeliverable Ancillary Service Due to Transmission Constraints

(1) The HRUC process must honor the HASL and LASL for each Resource for each hour of the RUC Study Period unless by doing so a transmission constraint exists where energy from the Resource is needed to resolve the constraint that cannot be resolved by any other means or the energy output from the Resource must be decreased such that the Resource is unable to provide the Ancillary Service capacity allocated to that Resource in the COP. In those cases, ERCOT shall provide the following information to each affected QSE with two hours' advance notice of:

(a) The amount by which the QSE must reduce the Ancillary Services currently allocated to each affected Resource; and

(b) The start and stop times of the reduction.

(2) Within the two-hour advance notice period, each affected QSE may do one or more of the following:

(a) Substitute capacity from other Resources represented by that QSE to meet its Ancillary Services Supply Responsibility;

(b) Substitute capacity from other QSEs using Ancillary Service Trades; or

(c) Inform ERCOT that all or part of the Ancillary Services capacity needs to be replaced.

(3) If a QSE elects to substitute capacity, ERCOT shall determine the feasibility of the substitution. If the substitution is deemed infeasible by ERCOT or the QSE informs ERCOT that the Ancillary Services capacity needs to be replaced, then ERCOT shall procure, if in its sole discretion it finds that the service is still needed, the Ancillary Services capacity required under Section 6.4.8.2, Supplemental Ancillary Services Market.

(4) If ERCOT procures additional Ancillary Services for the amount of substituted capacity that is deemed infeasible or the amount of Ancillary Services capacity that each affected QSE does not replace, then all QSEs that bought the specific Ancillary Service in the DAM are charged for their share of the net cost incurred for the Ancillary Service procured by ERCOT as part of the multiple procurement processes (DAM and SASMs) , in accordance with Section 6.7.3, Adjustments to Cost Allocations for Ancillary Services Procurement.

(5) If the QSE's Ancillary Service capacity that is undeliverable because of a transmission constraint identified by ERCOT, as set forth in (1) above, was not awarded in the DAM or any SASM (i.e., the capacity is part of Self-Arranged Ancillary Services for the hours of the RUC Study Period), then the QSE is charged for the insufficient Ancillary Service capacity the same price paid for the Ancillary Service as purchasers in the DAM paid for that time period, as determined under paragraph (4) above.

(6) If the QSE's Ancillary Service capacity that is undeliverable because of a transmission constraint identified by ERCOT, as set forth in (1) above, was awarded in the DAM or any SASM, then the QSE is not compensated for the quantity of the Ancillary Service capacity that is undeliverable.

6.4.8.1.3 Replacement of Ancillary Service Due to Failure to Provide

(1) ERCOT may procure Ancillary Services to replace those of a QSE that has failed on its Ancillary Services Supply Responsibility through a Supplemental Ancillary Services Market, as described below in Section 6.4.8.2, Supplemental Ancillary Services Market. A QSE is considered to have failed on its Ancillary Services Supply Responsibility when ERCOT determines, in its sole discretion, that some or all of the QSE's Resource-specific Ancillary Service capacity will not be available in Real-Time. This Section does not apply to a failure to provide caused by events described in Section 6.4.8.1.2, Replacement of Undeliverable Ancillary Service Due to Transmission Constraints.

(2) Within a time frame acceptable to ERCOT, each affected QSE may either substitute capacity to meet its Ancillary Services Supply Responsibility or inform ERCOT that the Ancillary Services capacity needs to be replaced. If a QSE elects to substitute capacity, ERCOT shall determine the feasibility of the substitution. If the substitution is deemed infeasible by ERCOT or the QSE informs ERCOT that the Ancillary Services capacity

needs to be replaced, then ERCOT shall procure, if in its sole discretion it finds that the service is still needed, the Ancillary Services capacity required under Section 6.4.8.2.

(3) ERCOT shall charge each QSE that has failed according to paragraph (1) on its Ancillary Service Supply Responsibility for a particular Ancillary Service for a specific hour. The hourly charge of the failure is either (a) or (b):

(a) If a SASM is executed for that hour, then the charge equals the MW amount of the failed Ancillary Services Supply Responsibility multiplied by the greater of the:

(i) The MCPC for the Ancillary Service in the DAM for that hour ; or

(ii) The maximum MCPC set from any SASM for the same operating hour.

(b) If no SASM is executed for failure to supply for that hour, then the cost equals the MW amount of the failed Ancillary Services Supply Responsibility multiplied by the MCPC for the Ancillary Service in the DAM for that hour.

(4) If the Ancillary Service capacity of the affected QSE was awarded in the DAM or any SASM, then the QSE is still compensated for the quantity of the Ancillary Service capacity.

(5) If the Ancillary Service capacity of the affected QSE was not awarded in the DAM or any SASM (i.e., Self-Arranged Ancillary Service), then the QSE continues to receive credit toward its Ancillary Service Supply Responsibility.

6.4.8.2 Supplemental Ancillary Services Market

(1) During the Adjustment Period, ERCOT may procure additional Reg-Up, Regulation Down (Reg-Down), RRS, and Non-Spinning Reserve (Non-Spin) services for the reasons, and in the amounts, specified in Section 6.4.8.1, Evaluation and Maintenance of Ancillary Service Capacity Sufficiency, using a SASM.

(2) ERCOT shall allow QSEs to request to modify their Ancillary Service positions through a reconfiguration SASM. The reconfiguration SASM is executed at 0900 daily. This SASM allows QSEs to potentially change their Ancillary Service Supply Responsibility from hour ending 1300 through hour ending 2400 of the current Operating Day. QSEs attempt to reduce their Ancillary Service Supply Responsibility through the reconfiguration SASM by submitting less Ancillary Service capacity in their Resource's COPs than their Ancillary Service Supply Responsibility. The difference between the Ancillary Service Supply Responsibility and the COP Ancillary Service capacity is the reconfiguration amount that is procured by the reconfiguration SASM. The QSE must also have valid Ancillary Service Offers of an amount equal to or greater than their requested reconfiguration amount. The reconfiguration SASM shall not be executed if there are not enough offers to procure the Ancillary Service reconfiguration amount.

(3) The SASM process for acquiring more Ancillary Service capacity or an Ancillary Service reconfiguration must use the following timelines:

(a) For Ancillary Service capacity related to ERCOT desired increases, ERCOT shall send a notice at time X to all QSEs of the SASM. Time X may be any time not less than two hours before the start of the Operating Hour for which the additional Ancillary Services capacity is required.

SASM Process	QSE Activities:	ERCOT Activities:
Time = X		Notify all QSEs of intent to procure additional Ancillary Services. Notify QSEs of any additional Ancillary Service Obligation, allocated to each Load Serving Entity (LSE) and aggregated to the QSE level.
Time = X plus 30 minutes	May submit additional Self-Arranged Ancillary Service Quantities limited to the additional Ancillary Services Obligation of the QSE.	Determine the amount of Ancillary Services to be procured.
Time = X plus 35 minutes		Execute SASM.
Time = X plus 45 minutes		Notify QSEs with awards of results. Post the quantities and MCPCs of Ancillary Services bought in the SASM.
Time = X plus 60 minutes	Submit updated COP with updated Ancillary Service Resource Responsibility.	Validate COPs for Ancillary Service Resource Responsibility.

(b) For replacement of Ancillary Service capacity related to undeliverability or failure of a QSE to provide one or more Ancillary Services, ERCOT shall have the option of executing a SASM at time E without providing preliminary notice to the market. Time E may be any time not less than two hours before the start of the Operating Hour for which the additional Ancillary Services capacity is required.

SASM Process	QSE Activities:	ERCOT Activities:
Time = E		Execute SASM.
Time = E plus 15 minutes		Notify QSEs with awards of results. Notify QSEs that have failed to provide Ancillary Service capacity, or whose Ancillary Service capacity was undeliverable, of SASM procurement results for the QSE. Post the quantities and MCPCs of Ancillary Services bought in the SASM.
Time = E plus 30 minutes	Submit updated COP with updated Ancillary Service Resource Responsibility.	Validate COPs for Ancillary Service Resource Responsibility.

(c) For an Ancillary Services reconfiguration, ERCOT shall execute a SASM at 0900 (time E), for hour ending 1300 through hour ending 2400 of the current Operating Day.

SASM Process	QSE Activities:	ERCOT Activities:
Time = E – 15 minutes	QSEs nominate quantities of Ancillary Services that shall be included in the reconfiguration SASM by submitting COPs with less Ancillary Service capacity than their Ancillary Service Supply Responsibility and submitting Ancillary Service Offers to cover the difference between the Ancillary Service Supply Responsibility and COP Ancillary Service capacity.	ERCOT sets the quantities of Ancillary Services to be procured in the SASM equal to the difference between total Ancillary Service Supply Responsibility and total COP Ancillary Service capacity.
Time = E		Execute SASM for hour ending 1300 through hour ending 2400 of the current Operating Day.
Time = E plus 15 minutes		Notify QSEs with awards of results. Post the quantities and MCPCs of Ancillary Services bought in the SASM.
Time = E plus 30 minutes	Submit updated COP with updated Ancillary Service Resource Responsibility.	Validate COPs for Ancillary Service Resource Responsibility.

(4) Each QSE that is awarded capacity in a SASM is paid the SASM MCPC for the quantity it is awarded.

(5) For purpose of Settlement, the reduction to the Ancillary Service Supply Responsibility is considered a failure quantity and each QSE that has their Ancillary Service Supply Responsibility reduced by a reconfiguration SASM is charged in accordance with Sections 6.7.2, Charges for Ancillary Service Capacity Replaced Due to Failure to Provide, and 6.7.3, Adjustments to Cost Allocations for Ancillary Services Procurement. QSEs participating in reconfiguration SASMs are not subject to performance metrics for "failure to provide" amounts until the end of the Adjustment Period for each hour cleared in the reconfiguration SASM.

(6) ERCOT shall allocate additional Ancillary Service Obligations to QSEs using the same percentages as the original Day-Ahead allocation of Ancillary Service Obligations.

6.4.8.2.1 Resubmitting Offers for Ancillary Services in the Adjustment Period

During the Adjustment Period, a QSE may resubmit an offer for an Ancillary Service that it submitted for a Resource, but was not struck in a previous market. The resubmitted offer for that Resource must meet the following criteria to be considered a valid offer in any subsequent market:

(a) Offers may be submitted at any price subject to applicable offer caps and offer floors; and

(b) If ERCOT notifies Market Participants that additional Ancillary Services are needed, only offers that were submitted before the notice are eligible to participate in the SASM; once the notice is given, no further offers are eligible for that SASM.

6.4.8.2.2 SASM Clearing Process

SASM procurement requirements are:

(a) ERCOT shall procure the additional quantity required of each Ancillary Service, less the quantity self-arranged, if applicable. ERCOT may not buy more of one Ancillary Service in place of the quantity of a different service.

(b) ERCOT shall select Ancillary Service Offers submitted by QSEs, such that:

(i) For each Ancillary Service being procured, other than Reg-Down, ERCOT shall select offers that minimize the overall offer-based cost of these Ancillary Services. For each of these Ancillary Services, if selection of the Resource offer exceeds ERCOT's required Ancillary Service quantity, then ERCOT shall select a portion of the Resource offer to meet the Ancillary Service quantity required. For Load Resources offering a block of capacity, ERCOT shall ignore the offer unless the entire block can be accepted.

(ii) For Reg-Down, ERCOT shall procure required quantities by selecting capacity in ascending order starting from the lowest-priced offer. ERCOT shall continue this selection process until the required quantity of Reg-Down is obtained. If selection of the Resource offer exceeds ERCOT's required Ancillary Service quantity, then ERCOT shall select a portion of the Resource offer to meet the Ancillary Service quantity required. For Load Resources offering a block of capacity, ERCOT shall ignore the offer unless the entire block can be accepted.

(iii) For each Ancillary Service Offer from an Off-Line Resource considered in a SASM, the offer will be awarded only if it can meet the start-up time of the Resource based on the current and the historical operational state of the Resource. If the start-up time cannot be met for the first hour of a block offer, then the whole block offer shall not be considered.

(c) If a QSE has submitted offers of the same Resource capacity for more than one Ancillary Service (sometimes called linked offers), ERCOT may not select any one part of that Resource capacity to provide more than one Ancillary Service in the same Operating Hour. ERCOT may, however, select part of that Resource

capacity to provide one Ancillary Service and another part of that capacity to provide a different Ancillary Service in the same Operating Hour.

(d) The SASM MCPC for each hour for each service is the Shadow Price for the corresponding Ancillary Service constraint for the hour as determined by the SASM algorithm.

6.4.8.2.3 Communication of SASM Results

(1) As soon as practicable, but no later than the time specified in Section 6.4.8.2, Supplemental Ancillary Services Market, ERCOT shall notify each QSE of its awarded Ancillary Service Offer quantities in each SASM, specifying Resource, Ancillary Service type, SASM MCPC, and first and last hours of the awarded offer.

(2) For each QSE for which ERCOT has procured replacement Ancillary Services capacity in a SASM pursuant to Section 6.4.8.1.2, Replacement of Undeliverable Ancillary Service Due to Transmission Constraints, or Section 6.4.8.1.3, Replacement of Ancillary Service Due to Failure to Provide, ERCOT shall, as soon as practicable but no later than the time specified in Section 6.4.8.2, notify each affected QSE of the procured Ancillary Service quantities, the Ancillary Service types, and the SASM MCPCs by hour.

(3) As soon as practicable, but no later than the time specified in Section 6.4.8.2, ERCOT shall post on the MIS Public Area the hourly:

(a) SASM MCPC for each type of Ancillary Service for each hour;

(b) Total Ancillary Service procured in MW by Ancillary Service type for each hour; and

(c) Aggregated Ancillary Service Offer Curve for each Ancillary Service for each hour.

6.5 Real-Time Energy Operations

6.5.1 ERCOT Activities

ERCOT activities during Real-Time operations are summarized in the table located in Section 6.3.2, Activities for Real-Time Operations. That table is intended to be only a general guide and not controlling language, and any conflict between the table and another section of the Protocols is controlled by the other section.

6.5.1.1 ERCOT Control Area Authority

(1) ERCOT, as Control Area Operator (CAO), is authorized to perform the following actions for the limited purpose of securely operating the ERCOT Transmission Grid under the

standards specified in North American Electric Reliability Corporation (NERC) Standards, the Operating Guides and these Protocols, including:

(a) Direct the physical operation of the ERCOT Transmission Grid, including circuit breakers, switches, voltage control equipment, and Load-shedding equipment;

(b) Dispatch Resources that have committed to provide Ancillary Services;

(c) Direct changes in the operation of voltage control equipment;

(d) Direct the implementation of Reliability Must-Run (RMR) Service, Remedial Action Plans (RAPs), Special Protection Systems (SPSs), and transmission switching to prevent the violation of ERCOT Transmission Grid security limits; and

(e) Perform additional actions required to prevent an imminent Emergency Condition or to restore the ERCOT Transmission Grid to a secure state in the event of an ERCOT Transmission Grid Emergency Condition.

(2) Consistent with paragraph (1)(e) above, if ERCOT seeks to exercise its authority to prevent an anticipated Emergency Condition relating to serving Load in the current or next Season by procuring existing capacity that may be used to maintain ERCOT System reliability in a manner not otherwise delineated in these Protocols and the Operating Guides, ERCOT shall take the following actions:

(a) Upon determination by ERCOT that additional capacity is needed to prevent an Emergency Condition and prior to any procurement activity associated with such additional capacity, ERCOT shall issue a Notice as soon as practicable with the following information:

(i) A detailed description of the reliability condition and need for additional capacity as determined by ERCOT and the timing of the proposed procurement;

(ii) Justification for the quantity of additional capacity to be requested;

(iii) Identification of potential Generation Resources or Load providing capacity considered by ERCOT to be acceptable for providing the additional capacity. Load capacity may be provided by Entities who, at ERCOT's direction, would interrupt consumption of electric power and remain interrupted until released by ERCOT; and

(iv) A schedule of activities associated with the proposed procurement.

(b) If ERCOT identifies a specific Entity with which it will negotiate the terms for procurement of additional capacity, then ERCOT shall issue a Notice as soon as practicable that includes the Entity name and, as applicable, the Resource mnemonic, the Resource MW rating by Season, the name of the Resource Entity,

and the potential duration of any contract, including anticipated start and end dates.

(c) ERCOT shall, to the fullest extent practicable, ensure that any actions taken to procure additional capacity meet the following criteria:

(i) Any capacity procured pursuant to this paragraph will be procured using an open process, and the terms of the procurement between ERCOT and the Entity will be memorialized in contracts that will be publicly available for inspection on the ERCOT website.

(ii) Each contract will include specified financial terms and termination dates. For purposes of Settlement, any contract associated with a Generation Resource will include substantially the same terms and conditions as an RMR Unit under a RMR Agreement, including the Eligible Cost budgeting process.

(iii) ERCOT shall provide notice to the ERCOT Board, at the next ERCOT Board meeting after ERCOT has signed the contract, that the actions required prior to execution of the contract, pursuant to paragraphs (2)(a) through (c) above, were completed by ERCOT before the contract was executed.

(iv) Any information submitted by the Entity to ERCOT through the procurement process may be designated as Protected Information and treated in accordance with the provisions of Section 1.3, Confidentiality, provided that final contract terms must be made available for public inspection.

(d) A Generation Resource that has received capital contributions from ERCOT pursuant to a contract executed under this paragraph (2) may not participate in the energy or Ancillary Services markets until such capital contributions have been refunded to ERCOT. For the purposes of this Section, capital contributions are defined as improvements with an asset life greater than one year under the applicable federal tax rules. The Resource Entity's refund of capital contributions shall be a lump sum payment calculated as follows:

(i) If the Generation Resource chooses to participate in the energy or Ancillary Service markets after the termination date of the contract executed under this paragraph (2), the Qualified Scheduling Entity (QSE) representing the the Resource Entity shall repay, in a lump sum payment, 100% of the book value of the capitalized equipment and all installation charges leading to turn key, one-time startup based on a linear depreciation over the estimated life of the capitalized component(s) in accordance with Generally Accepted Accounting Principles (GAAP) standards for electric utility equipment. The estimated life shall be based on documentation provided by the manufacturer; if installing used

equipment, the estimated life may be based on an approximation agreed to by the Resource Entity and ERCOT.

(ii) If the Generation Resource chooses to participate in the energy or Ancillary Services markets as contemplated in item (2)(d)(i) above, and its participation requires a lump sum payment of capital contributions, ERCOT will issue a notice to all registered Market Participants announcing the Generation Resource's decision to participate in the market(s) and identifying the amount of the lump sum payment due pursuant to item (2)(d)(i) above. ERCOT will also issue a notice to all registered Market Participants after completion of the collection and disbursement of the capital contributions, as described in item (2)(d)(iii) below, and after resolution of any disputes related to these capital contributions.

(iii) After ERCOT receives a Notification of Change of Generation Resource Designation (Section 22, Attachment H, Notification of Change of Generation Resource Designation) changing the Resource designation to "operational" at a future date, ERCOT shall charge the QSE representing the Resource Entity for capital expenditures incurred and previously paid to the Resource Entity as a result of the Resource's return to service pursuant to this Section.

(A) For months in the contract term where notice is received more than five Business Days prior to True-Up Settlement of the first Operating Day of that month, ERCOT shall claw back any payments made for the capital expenditure associated with that month and subsequent months of the term, on the next practical Settlement but no later than the True-Up Settlement.

(B) For months in the contract term where notice is received five Business Days or less prior to True-Up Settlement of the first Operating Day of that month, ERCOT shall claw back any payments made for the capital expenditures within 45 days of receipt of the notice.

(C) ERCOT shall distribute the repayment to QSEs representing Load on the same basis used to collect the monthly capital expenditures, using a monthly Load Ration Share (LRS). A QSE's monthly LRS shall be the QSE's total Real-Time Adjusted Metered Load (AML) for the month divided by the total ERCOT Real-Time AML for the same month.

(e) ERCOT shall endeavor to minimize the deployment of capacity procured pursuant to this paragraph with the goal of reducing the potential distortion of markets. Resources and Loads deployed to alleviate imminent Emergency Conditions will not be offered into the Day-Ahead Market (DAM). Rather, ERCOT will determine whether to use the capacity as part of the Hourly Reliability Unit

Commitment (HRUC) process based on system conditions and the ability to meet Demand. In the event Generation Resources are committed and On-Line, ERCOT systems will generate a proxy offer for the Generation Resource at the System-Wide Offer Cap (SWCAP). The default offer will place the Generation Resources among the last for economic Dispatch, so as not to displace Generation Resources that are On-Line and offering into the market. To the extent practicable, the capacity deployed to alleviate imminent Emergency Conditions will not be used solely for the purpose of reducing local congestion.

(f) An Entity cannot be compelled to enter into a contract under this paragraph.

6.5.1.2 Centralized Dispatch

(1) ERCOT shall centrally Dispatch Resources and Transmission Facilities under these Protocols, including deploying energy by establishing Base Points, and Emergency Base Points, and by deploying Regulation Service, Responsive Reserve (RRS) service, and Non-Spinning Reserve (Non-Spin) service to ensure operational security.

(2) ERCOT shall verify that either an Energy Offer Curve providing prices for the Resource between its High Sustained Limit (HSL) and Low Sustained Limit (LSL) or an Output Schedule has been submitted for each On-Line Resource an hour before the end of the Adjustment Period for the upcoming Operating Hour. ERCOT shall notify Qualified Scheduling Entities (QSEs) that have not submitted an Output Schedule or Energy Offer Curve through the Market Information System (MIS) Certified Area.

(3) ERCOT is the regional security coordinator for the ERCOT Region and is responsible for all regional security coordination as defined in the NERC Operating Manual and applicable ERCOT operating manuals or Operating Guides.

(4) ERCOT may only issue Dispatch Instructions for the Real-Time operation of Transmission Facilities to a Transmission Service Provider (TSP), for the Real-Time operation of distribution facilities to a Distribution Service Provider (DSP), or for a Resource to the QSE that represents it.

(5) ERCOT shall post shift schedules on the MIS Secure Area.

6.5.2 Operating Standards

ERCOT and each TSP shall operate the ERCOT Transmission Grid pursuant to NERC Reliability Standards, these Protocols, and Good Utility Practice. The requirements of the NERC Reliability Standards shall prevail to the extent there are any inconsistencies with these Protocols or Good Utility Practice. These Protocols control to the extent of any inconsistency between the Protocols and any of the following documents:

(a) The Operating Guides;

(b) ERCOT procedures manual for ERCOT Operators to use during normal and emergency operations of the ERCOT Transmission Grid;

(c) Specific operating procedures and RAPs submitted to ERCOT by individual Transmission Facilities owners or operators to address operating problems on their respective grids that could affect operation of the ERCOT Transmission Grid; and

(d) Guidelines established by the ERCOT Board, which may be more stringent than those established by NERC for the secure operation of the ERCOT Transmission Grid.

6.5.3 Equipment Operating Ratings and Limits

(1) ERCOT shall consider all equipment operating limits when issuing Dispatch Instructions. Except as stated in Section 6.5.9, Emergency Operations, if a Dispatch Instruction conflicts with a restriction that may be placed on equipment from time to time by a TSP, a DSP, or a Generation Resource's QSE to protect the integrity of equipment, ERCOT shall honor the restriction.

(2) Each TSP shall notify ERCOT of any limitations on the TSP's system that may affect ERCOT Dispatch Instructions. ERCOT shall continuously maintain a posting on the MIS Secure Area of any TSP limitations that may affect Dispatch Instructions. Examples of such limitations may include: temporary changes to transmission or transformer ratings, temporary changes to range of automatic tap position capabilities on auto-transformers, fixing or blocking tap changer, changes to no-load tap positions or other limitations affecting the delivery of energy across the ERCOT Transmission Grid. Any conflicts that cannot be satisfactorily resolved may be brought to ERCOT by any of the affected Entities for investigation and resolution.

6.5.4 Inadvertent Energy Account

ERCOT shall track any differences between the scheduled energy and the actual metered value at each Direct Current Tie (DC Tie) in an "Inadvertent Energy Account" between ERCOT and each interconnected non-ERCOT Control Area. ERCOT shall coordinate operation of each DC Tie with the DC Tie operator such that the Inadvertent Energy Account is maintained as close to zero as possible. Corrections of inadvertent energy between ERCOT and the other NERC-interconnected non-ERCOT Control Areas must comply with the NERC scheduling protocols and the ERCOT Operating Guides. ERCOT shall establish procedures to correct Inadvertent Energy Accounts with non-ERCOT Control Areas that are not subject to NERC scheduling protocols.

6.5.5 QSE Activities

QSE activities during Real-Time operations are summarized in the table located in Section 6.3.2, Activities for Real-Time Operations. That table is intended to be only a general guide and not controlling language, and any conflict between the table and another section of the Protocols is controlled by the other section.

6.5.5.1 Changes in Resource Status

(1) Each QSE shall notify ERCOT of a change in Resource Status via telemetry and through changes in the Current Operating Plan (COP) as soon as practicable following the change.

(2) Each QSE shall promptly inform ERCOT when the operating mode of its Generation Resource's Automatic Voltage Regulator (AVR) or Power System Stabilizer (PSS) is changed while the Resource is On-Line. The QSE shall also provide the Resource's AVR or PSS status logs to ERCOT upon request.

(3) Each QSE shall immediately report to ERCOT and the TSP any inability of the QSE's Generation Resource required to meet its reactive capability requirements in these Protocols.

6.5.5.2 Operational Data Requirements

(1) ERCOT shall use Operating Period data to monitor and control the reliability of the ERCOT Transmission Grid and shall use it in network analysis software to predict the short-term reliability of the ERCOT Transmission Grid. Each TSP, at its own expense, may obtain that Operating Period data from ERCOT or directly from QSEs.

(2) A QSE representing a Generation Resource connected to Transmission Facilities or distribution facilities shall provide the following Real-Time telemetry data to ERCOT for each Generation Resource. ERCOT shall make that data available, in accordance with ERCOT Protocols, NERC standards and policies, and Governmental Authority requirements, to requesting TSPs and DSPs operating within ERCOT. Such data must be provided to the requesting TSP or DSP at the requesting TSP's or DSP's expense, including:

(a) Net real power (in MW) as measured by installed power metering or as calculated in accordance with the Operating Guides based on metered gross real power and conversion constants determined by the Resource Entity and provided to ERCOT as a result of Section 3.7, Resource Parameters. Net real power represents the actual generation of a Resource for all real power dispatch purposes, including use in Security-Constrained Economic Dispatch (SCED), determination of the High Ancillary Service Limit (HASL), High Dispatch Limit (HDL), Low Dispatch Limit (LDL) and Low Ancillary Service Limit (LASL), and is consistent with telemetered HSL and LSL;

(b) Gross real power (in MW) as measured by installed power metering or as calculated in accordance with the Operating Guides based on metered real power, which may include Supervisory Control and Data Acquisition (SCADA) metering, and conversions constants determined by the Resource Entity and provided to ERCOT as a result of Section 3.7;

(c) Gross Reactive Power (in Megavolt-Amperes reactive (MVAr));

(d) Net Reactive Power (in MVAr);

(e) Power to standby transformers serving plant auxiliary Load;

(f) Status of switching devices in the plant switchyard not monitored by the TSP or DSP affecting flows on the ERCOT Transmission Grid;

(g) Any data mutually agreed to by ERCOT and the QSE to adequately manage system reliability;

(h) Generation Resource breaker and switch status;

(i) HSL;

(j) High Emergency Limit (HEL), under Section 6.5.9.2, Failure of the SCED Process;

(k) Low Emergency Limit (LEL), under Section 6.5.9.2;

(l) LSL;

(m) Configuration identification for Combined Cycle Generation Resources;

(n) Ancillary Service Schedule for each quantity of RRS and Non-Spin which is equal to the Ancillary Service Resource Responsibility minus the amount of Ancillary Service deployment;

(o) Ancillary Service Resource Responsibility for each quantity of Regulation Up (Reg-Up), Regulation Down (Reg-Down), RRS and Non-Spin. The sum of Ancillary Service Resource Responsibility for all Resources in a QSE is equal to the Ancillary Service Supply Responsibility for that QSE; and

[NPRR524: Replace paragraph (2)(o)above with the following upon implementation of a manual workaround:]

(o) Ancillary Service Resource Responsibility for each quantity of Regulation Up (Reg-Up), Regulation Down (Reg-Down), RRS and Non-Spin. The sum of Ancillary Service Resource Responsibility for all Resources in a QSE is equal to the Ancillary Service Supply Responsibility for that QSE. For a Generation Resource that is providing RRS using supplemental capacity through power

augmentation technology that is not frequency responsive as described in paragraph (3)(a) of Section 3.18, Resource Limits in Providing Ancillary Service, the QSE shall separately telemeter the portion of RRS capacity in MW that is not frequency responsive;

(p) Reg-Up and Reg-Down Services participation factors represent how a QSE is planning to deploy the Ancillary Service energy on a percentage basis to specific qualified Resource(s).

(q) The designated Master QSE of a Generation Resource that has been split to function as two or more Split Generation Resources shall provide Real-Time telemetry for items (a), (b), (c), (d), (e), (g), and (h) above, PSS and AVR status for the total Generation Resource in addition to the Split Generation Resource the Master QSE represents.

(3) For each Wind-powered Generation Resource (WGR), the QSE shall set the HSL equal to the current net output capability of the facility. The net output capability should consider the net real power of the WGR, turbine availability, weather conditions, and whether the WGR net output is being affected by compliance with a SCED Dispatch Instruction.

(4) For each Aggregate Generation Resource (AGR), the QSE shall telemeter the number of its generators online.

(5) A QSE representing a Load Resource connected to Transmission Facilities or distribution facilities shall provide the following Real-Time data to ERCOT for each Load Resource and ERCOT shall make the data available, in accordance with ERCOT Protocols, NERC standards and policies, and Governmental Authority requirements, to the Load Resource's host TSP or DSP at the TSP's or DSP's expense. The Load Resource's net real power consumption, Low Power Consumption (LPC) and Maximum Power Consumption (MPC) shall be telemetered to ERCOT using a positive (+) sign convention:

(a) Load Resource net real power consumption (in MW);

(b) Any data mutually agreed to by ERCOT and the QSE to adequately manage system reliability;

(c) Load Resource breaker status;

(d) LPC (in MW);

(e) MPC (in MW);

(f) Ancillary Service Schedule (in MW) for each quantity of RRS and Non-Spin;

(g) Ancillary Service Resource Responsibility (in MW) for each quantity of Reg-Up and Reg-Down for Controllable Load Resources, and RRS and Non-Spin for all Load Resources;

(h) The status of the high-set under-frequency relay, if required for qualification;

(i) For a Controllable Load Resource, the Scheduled Power Consumption that represents zero Ancillary Service deployments;

(j) For a Controllable Load Resource, net Reactive Power (in MVAr);

(k) Resource Status (Resource Status shall be ONRL if high-set under-frequency relay is active); and

(l) Reg-Up and Reg-Down services participation factor, which represents how a QSE is planning to deploy the Ancillary Service energy on a percentage basis to specific qualified Resource.

[NPRR532: Replace paragraph (5) above with the following upon system implementation:]

(5) A QSE representing a Load Resource connected to Transmission Facilities or distribution facilities shall provide the following Real-Time data to ERCOT for each Load Resource and ERCOT shall make the data available, in accordance with ERCOT Protocols, NERC standards and policies, and Governmental Authority requirements, to the Load Resource's host TSP or DSP at the TSP's or DSP's expense. The Load Resource's net real power consumption, Low Power Consumption (LPC) and Maximum Power Consumption (MPC) shall be telemetered to ERCOT using a positive (+) sign convention:

(a) Load Resource net real power consumption (in MW);

(b) Any data mutually agreed to by ERCOT and the QSE to adequately manage system reliability;

(c) Load Resource breaker status;

(d) LPC (in MW);

(e) MPC (in MW);

(f) Ancillary Service Schedule (in MW) for each quantity of RRS and Non-Spin;

(g) Ancillary Service Resource Responsibility (in MW) for each quantity of Reg-Up and Reg-Down for Controllable Load Resources, and RRS and Non-Spin for all Load Resources;

(h) The status of the high-set under-frequency relay, if required for qualification;

(i) For a Controllable Load Resource or a Load Resource providing Non-Spin and

selecting the baseline performance evaluation methodology described in paragraph (3)(f)(ii) of Section 8.1.1.4.3, Non-Spinning Reserve Service Energy Deployment Criteria, the Scheduled Power Consumption that represents zero Ancillary Service deployments;

(j) For a single-site Controllable Load Resource with registered maximum interruptible capacity of ten MW or greater, net Reactive Power (in MVAr);

(k) Resource Status (Resource Status shall be ONRL if high-set under-frequency relay is active);

(l) Reg-Up and Reg-Down services participation factor, which represents how a QSE is planning to deploy the Ancillary Service energy on a percentage basis to specific qualified Resource; and

(m) For a Load Resource providing Non-Spin and selecting the baseline performance evaluation methodology described in paragraph (3)(f)(ii) of Section 8.1.1.4.3, "Scheduled Power Consumption Plus Two Hours," representing the QSE's forecast of the Load Resource's instantaneous power consumption for a point two hours in the future.

[NPRR555: Replace paragraph (5) above with the following upon system implementation:]

(5) A QSE representing a Load Resource connected to Transmission Facilities or distribution facilities shall provide the following Real-Time data to ERCOT for each Load Resource and ERCOT shall make the data available, in accordance with ERCOT Protocols, NERC standards and policies, and Governmental Authority requirements, to the Load Resource's host TSP or DSP at the TSP's or DSP's expense. The Load Resource's net real power consumption, Low Power Consumption (LPC) and Maximum Power Consumption (MPC) shall be telemetered to ERCOT using a positive (+) sign convention:

(a) Load Resource net real power consumption (in MW);

(b) Any data mutually agreed to by ERCOT and the QSE to adequately manage system reliability;

(c) Load Resource breaker status;

(d) LPC (in MW);

(e) MPC (in MW);

(f) Ancillary Service Schedule (in MW) for each quantity of RRS and Non-Spin, which is equal to the Ancillary Service Resource Responsibility minus the amount of Ancillary Service deployment;

(g) Ancillary Service Resource Responsibility (in MW) for each quantity of Reg-Up

and Reg-Down for Controllable Load Resources, and RRS and Non-Spin for all Load Resources;

(h) The status of the high-set under-frequency relay, if required for qualification;

(i) For a Controllable Load Resource providing Non-Spin, the Scheduled Power Consumption that represents zero Ancillary Service deployments;

(j) For a single-site Controllable Load Resource with registered maximum Demand response capacity of ten MW or greater, net Reactive Power (in MVAr);

(k) Resource Status (Resource Status shall be ONRL if high-set under-frequency relay is active);

(l) Reg-Up and Reg-Down services participation factor, which represents how a QSE is planning to deploy the Ancillary Service energy on a percentage basis to specific qualified Resource; and

(m) For a Controllable Load Resource providing Non-Spin, the "Scheduled Power Consumption Plus Two Hours," representing the QSE's forecast of the Controllable Load Resource's instantaneous power consumption for a point two hours in the future.

(6) A QSE with Resources used in SCED shall provide communications equipment to receive ERCOT-telemetered control deployments.

(7) A QSE providing any Regulation Service shall provide telemetry indicating the appropriate status of Resources providing Reg-Up or Reg-Down, including status indicating whether the Resource is temporarily blocked from receiving Reg-Up and/or Reg-Down deployments from the QSE. This temporary blocking will be indicated by the enabling of the Raise Block Status and/or Lower Block Status telemetry points.

(a) Raise Block Status and Lower Block Status are telemetry points used in transient unit conditions to communicate to ERCOT that a Resource's ability to adjust its output has been unexpectedly impaired.

(b) When one or both of the telemetry points are enabled for a Resource, ERCOT will cease using the regulation capacity assigned to that Resource for Ancillary Service deployment.

(c) This hiatus of deployment will not excuse the Resource's obligation to provide the Ancillary Services for which it has been committed.

(d) These telemetry points shall only be utilized during unforeseen transient unit conditions such as plant equipment failures. Raise Block Status and Lower Block Status shall only be enabled until the Resource operator has time to update the Resource limits and Ancillary Service telemetry to reflect the problem.

(e) The Resource limits and Ancillary Service telemetry shall be updated as soon as practicable. Raise Block Status and Lower Block Status will then be disabled.

(8) Real-Time data for reliability purposes must be accurate to within three percent. This telemetry may be provided from relaying accuracy instrumentation transformers.

(9) Each QSE shall report the current configuration of combined-cycle Resources that it represents to ERCOT. The telemetered Resource Status for a Combined Cycle Generation Resource may only be assigned a Resource Status of OFFNS if no generation units within that Combined Cycle Generation Resource are On-Line.

(10) A QSE representing combined-cycle Resources shall provide ERCOT with the possible operating configurations for each power block with accompanying limits. Combined Cycle Train power augmentation methods may only be included as part of one or more of the registered Combined Cycle Generation Resource configurations. The Energy Offer Curve in the Three-Part Supply Offer that includes the offered power augmentation method may reflect the price of the added capability. Such power augmentation methods may include:

(a) Combustion turbine inlet air cooling (CTIAC) methods;

(b) Duct firing;

(c) Other ways of temporarily increasing the output of combined-cycle Resources; and

(d) For Qualifying Facilities (QFs), an LSL that represents the minimum energy available, in MW, from the Combined Cycle Generation Resource for economic dispatch based on the minimum stable steam delivery to the thermal host plus a justifiable reliability margin that accounts for changes in ambient conditions.

6.5.6 TSP and DSP Responsibilities

(1) Each TSP shall notify ERCOT of any changes in status of Transmission Elements as provided in these Protocols and clarified in the ERCOT procedures.

(2) Each TSP shall as soon as practicable report to ERCOT any short-term inability to meet minimum TSP reactive requirements.

(3) Each DSP shall as soon as practicable report to ERCOT any short-term inability to meet minimum DSP reactive requirements.

6.5.7 Energy Dispatch Methodology

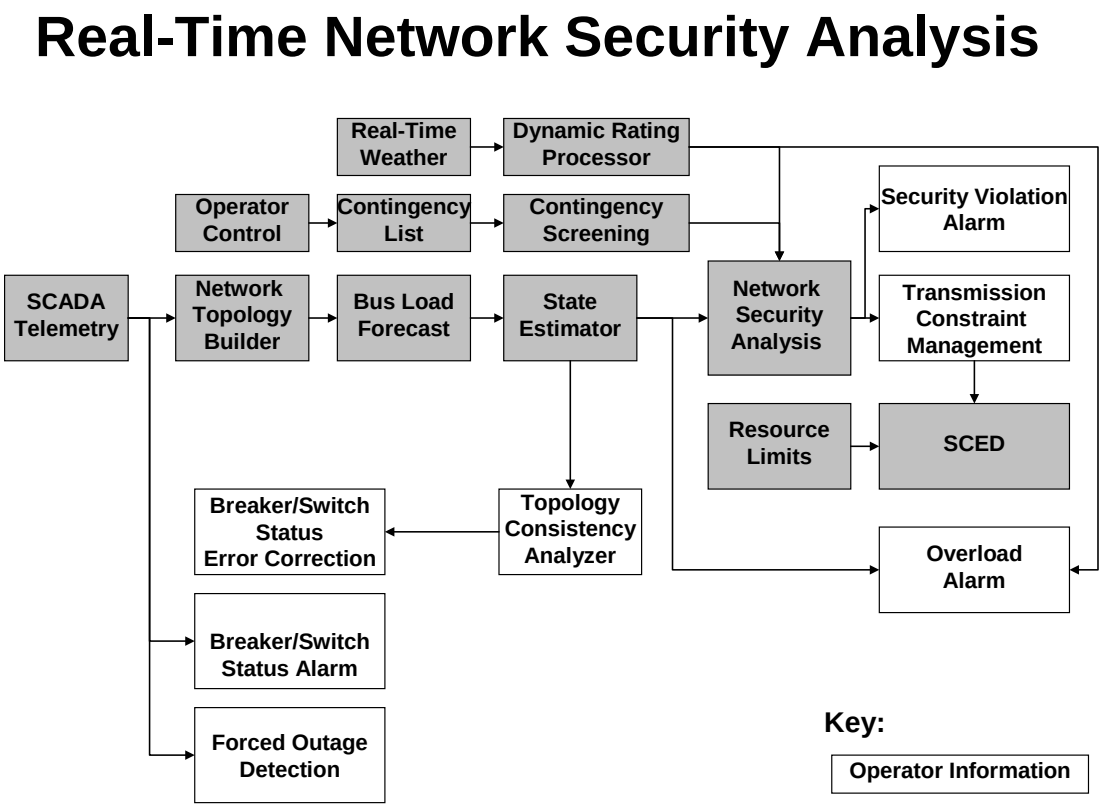
This Section outlines the programmatic and manual processes employed by ERCOT to simultaneously achieve power balance (minimizing the use of Regulation Service) and manage congestion while operating within the constraints of the system at economically optimized cost.

The Real-Time Sequence describes the key system components and inputs that are required to support the SCED process, which produces the Locational Marginal Prices (LMPs) and Base Points while meeting transmission system constraints. Section 6.5.7.3, Security Constrained Economic Dispatch, provides further details regarding additional components and inputs and ex-ante mitigation.

6.5.7.1 Real-Time Sequence

(1) The Real-Time Sequence consists of multiple interdependent processes that are driven by telemetry data and the network topology. This Section describes the core aspects of the Real-Time Sequence.

(2) The figure below highlights the key computational modules and processes that are used during the Real-Time Sequence:



6.5.7.1.1 SCADA Telemetry

SCADA telemetry provides the actual Real-Time status and output of Resources and the status of observable Transmission Elements of the Network Operations Model.

6.5.7.1.2 Network Topology Builder

The Network Topology Builder creates the Updated Network Model based on the observed topology of the ERCOT Transmission Grid. The Updated Network Model is then used as the basis for the State Estimator solution.

6.5.7.1.3 Bus Load Forecast

Once the Updated Network Model is created, the transmission Electrical Buses in the model will have a Bus Load Forecast applied. The forecasted Load must be denoted with a low State Estimator measurement confidence factor. The State Estimator must use the forecasted Load coupled with the remaining telemetry of line flows and voltages to estimate the actual Load on each Electrical Bus.

6.5.7.1.4 State Estimator

The State Estimator must use the Bus Load Forecast and the remaining telemetry information of line flows and voltages to estimate all the transmission parameters needed to provide, on convergence, a mathematically consistent data set of constrained inputs to the Network Security Analysis (NSA) and the Topology Consistency Analyzer.

6.5.7.1.5 Topology Consistency Analyzer

The Topology Consistency Analyzer identifies possibly erroneous breaker and switch status. The Topology Consistency Analyzer must notify ERCOT of inconsistencies detected and must indicate the correct breaker and switch status(es) when the preponderance of redundant information from the telemetered database indicates true errors in status. For example, such processing would detect flow on lines, flow on devices or network load, shown as disconnected from the transmission system and would indicate to ERCOT that there was a continuity error associated with the flow measurement or status indication. ERCOT may override SCADA telemetry as required to correct erroneous breaker and switch status before that information is processed by the NSA for the next SCED interval. ERCOT shall notify the TSP or QSE, who shall correct the status indications as soon as practicable. The Topology Consistency Analyzer maintains a summary of all incorrect status indicators and provides that information to all TSPs and other Market Participants through the MIS Secure Area.

6.5.7.1.6 Breakers/Switch Status Alarm Processor and Forced Outage Detection Processor

The Real-Time Sequence includes processes that detect and provide alarms to the ERCOT Operator when the status of breakers and switches, Resources, transmission lines and transformers, and Load disconnected from the Updated Network Model changes. Also, the ERCOT Operator must be able to determine if an Outage of Transmission Facilities had been scheduled in the Outage Scheduler or is a Forced Outage.

6.5.7.1.7 Real-Time Weather and Dynamic Rating Processor

(1) The Dynamic Rating Processor provides Dynamic Ratings using the processes described in Section 3.10.8, Dynamic Ratings, for all transmission lines and transformer elements with Dynamic Ratings designated by the TSPs. ERCOT shall obtain Real-Time weather data, where available, from multiple locations and provide it to the Dynamic Rating Processor. Weather conditions must include ambient temperature and may include wind speed when available. ERCOT shall post summaries of dynamically adjusted Transmission Element limits on the MIS Secure Area in a form that allows Market Participants to directly upload Real-Time data into the Common Information Model (CIM).

(2) On a monthly basis, ERCOT shall provide a summary report for each dynamically rated Transmission Element specifying the average change in Normal Rating in MVA that is gained on the element through use of a Dynamic Rating rather than the Normal Rating. ERCOT shall post this report to the MIS Secure Area.

6.5.7.1.8 Overload Alarm Processor

Once transmission line and transformer Dynamic Ratings are retrieved, ERCOT shall compare the actual flow and state estimated flow calculation of MVA to the effective Transmission Element limit and, if an out-of-limit condition exists, ERCOT shall produce an overload notification.

6.5.7.1.9 Contingency List and Contingency Screening

For the Real-Time Sequence, ERCOT may select relevant contingencies from a standard contingency list previously developed by ERCOT under Section 5.5.1, Security Sequence, that are likely to be active in Real-Time. ERCOT may use the information provided by the hour-ahead or Day-Ahead NSA to assist in determining which contingencies are candidates for activation.

6.5.7.1.10 Network Security Analysis Processor and Security Violation Alarm

(1) Using the input provided by the State Estimator, ERCOT shall use the NSA processor to perform analysis of all contingencies remaining in the active list. For each contingency, ERCOT shall use the NSA processor to monitor the elements for limit violations. ERCOT shall use the NSA processor to verify Electrical Bus voltage limits to be within a percentage tolerance as outlined in the ERCOT Operating Guides. Contingency security violations for transmission lines and transformers occur if:

(a) The predicted post-contingency MVA exceeds 100% of the Emergency Rating after adjustments for Real-Time weather conditions applicable to the contingency are incorporated; and

(b) An RAP or SPS is not defined allowing relief within the time allowed by the security criteria.

(2) When the NSA processor notifies ERCOT of a security violation, ERCOT shall immediately:

(a) Initiate the process described in Section 6.5.7.1.11, Transmission Network and Power Balance Constraint Management;

(b) Seek to determine what unforeseen change in system condition has arisen that has resulted in the security violation, especially those that were 125% or greater of the Emergency Rating for a single SCED interval or greater than 100% of the Emergency Rating for a duration of 30 minutes or more; and

(c) Where possible, seek to reverse the action (e.g. initiating a transmission clearance that the system was not properly pre-dispatched for) that has led to a security violation until further preventative action(s) can be taken.

(3) If the SCED does not resolve an insecure state, ERCOT shall attempt to relieve the insecure state by:

(a) Confirming that pre-determined relevant RAPs are properly modeled in the system;

(b) Re-Dispatching generation through the mechanism of over-riding HDLs and LDLs to provide more capacity to SCED;

(c) After declaring a Watch, as appropriate, manual Dispatch of generation;

(d) Removing non-cascading contingency overload/constraints from the SCED process; and

(e) If all other mechanisms have failed, ERCOT may authorize the use of a Mitigation Action Plan (MAP) previously reviewed by the appropriate TSP or DSP. An MAP is a set of pre-defined actions taken beyond normal RAPs under emergency circumstances to relieve transmission security violations.

(4) NSA must be capable of analyzing contingencies, including the effects of automatically deployed SPSs and RAPs. The NSA must fully integrate into the evaluation and deployment of these SPSs and RAPs and notify the ERCOT Operator of the application of these SPSs and RAPs to the solution.

(5) The Real-Time NSA may employ the use of appropriate ranking and other screening techniques to further reduce computation time by executing one or two iterations of the contingency study to gauge its impact and discard further study if the estimated result is inconsequential.

(6) ERCOT shall report monthly:

(a) All security violations that were 125% or greater of the Emergency Rating for a single SCED interval or greater than 100% of the Emergency Rating for a duration of 30 minutes or more during the prior reporting month and the number of occurrences and congestion cost associated with each of the constraints causing the security violations on a rolling 12 month basis.

(b) Operating conditions on the ERCOT System that contributed to each security violation reported in paragraph (6)(a) above. Analysis should be made to understand the root cause and what steps could be taken to avoid a recurrence in the future.

6.5.7.1.11 Transmission Network and Power Balance Constraint Management

(1) ERCOT may not allow any constraint (contingency and limiting Transmission Element pair) identified by NSA to be activated in SCED until it has verified that the contingency definition in NSA associated with the constraint is accurate and appropriate given the current operating state of the ERCOT Transmission Grid. ERCOT shall continuously post to the MIS Secure Area all constraint contingencies in the NSA. ERCOT shall provide relevant constraint information, including, but not limited to, the contingency name as provided in the standard contingency list, whether or not the constraint is active in SCED, the overloaded Transmission Element name, the rating of the overloaded Transmission Element including Generic Transmission Limits (GTLs), and pre-contingency or post-contingency flows. For each Operating Day, ERCOT shall post to the MIS Secure Area within five days, a report listing all constraints with pre-contingency or post-contingency flows which exceeded the rating of the overloaded Transmission Element for at least 15 minutes consecutively that were not activated in SCED and an explanation of why each constraint was not activated.

(2) ERCOT shall establish a maximum Shadow Price for each network constraint as part of the definition of contingencies. The cost calculated by SCED to resolve an additional MW of congestion on the network constraint is limited to the maximum Shadow Price for the network constraint.

(3) ERCOT shall establish a maximum Shadow Price for the power balance constraint. The cost calculated by SCED to resolve either the addition or reduction of one MW of dispatched generation on the power balance constraint is limited to the maximum Shadow Price for the power balance constraint.

(4) ERCOT shall determine the methodology for setting maximum Shadow Prices for network constraints and for the power balance constraint. Following review and recommendation by the Technical Advisory Committee (TAC), the ERCOT Board shall review the recommendation and approve a final methodology.

(5) The process for setting the maximum Shadow Prices as described above shall require ERCOT to obtain ERCOT Board approval of the values assigned to these caps along with the effective date for application of the cap. Within two Business Days following

approval by the ERCOT Board, ERCOT shall post the Shadow Price caps and effective dates on the MIS Public Area.

(6) When ERCOT identifies a binding network constraint on a repeated basis ERCOT shall have procedures established to contact the appropriate TSP and validate the accuracy of the Network Operations Model according to paragraph (5) of Section 3.10.4, ERCOT Responsibilities.

(7) If ERCOT determines that rating(s) in the Network Operations Model or configuration of the Transmission Facilities are not correct, then the TSP will provide the appropriate data submittals to ERCOT to correct the problem upon notification by ERCOT.

6.5.7.1.12 Resource Limits

(1) The following Generation Resource limits are calculated by ERCOT and used as inputs by the SCED process:

(a) HASL;

(b) LASL;

(c) Normal Ramp Rate based on the values telemetered by the QSE to ERCOT;

(d) Emergency Ramp Rate based on the values telemetered by the QSE to ERCOT;

(e) SCED Up Ramp Rate (SURAMP), which represents the ability of a Generation Resource to increase generation output in SCED;

(f) SCED Down Ramp Rate (SDRAMP), which represents the ability of a Generation Resource to decrease generation output in SCED;

(g) HDL, which represents a dynamically calculated MW upper limit on a Resource that describes the maximum capability of the Resource SCED dispatch for the next five minutes (the Resource's Real-Time generation plus the product of the Normal Ramp Rate, as telemetered by the QSE, multiplied by five), restricted by HASL; and

(h) LDL, which represents a dynamically calculated MW lower limit on a Resource that describes the minimum capability of the Resource SCED dispatch for the next five minutes (the Resource's Real-Time generation minus the product of the Normal Ramp Rate, as telemetered by the QSE, multiplied by five), restricted by LASL.

(2) The following Load Resource limits are calculated by ERCOT and used in other calculations and as information for ERCOT Operators:

(a) HASL; and

(b) LASL.

[NPRR555: Replace paragraph (2) above with the following upon system implementation:]

(2) The following Load Resource limits are calculated by ERCOT and used in other calculations and as information for ERCOT Operators:

(a) For all Load Resources:

(i) HASL; and

(ii) LASL; and

(b) For Controllable Load Resources qualified to be Dispatched by SCED:

(i) Normal Ramp Rate based on the values telemetered by the QSE to ERCOT;

(ii) Emergency Ramp Rate based on the values telemetered by the QSE to ERCOT;

(iii) SURAMP, which represents the ability of a Load Resource to decrease consumption in SCED;

(iv) SDRAMP, which represents the ability of a Load Resource to increase consumption in SCED;

(v) HDL, which represents a dynamically calculated MW upper limit on a Resource that describes the maximum capability of the Resource SCED dispatch for the next five minutes (the Resource's Real-Time consumption plus the product of the Normal Ramp Rate, as telemetered by the QSE, multiplied by five), restricted by HASL; and

(vi) LDL, which represents a dynamically calculated MW lower limit on a Resource that describes the minimum capability of the Resource SCED dispatch for the next five minutes (the Resource's Real-Time consumption minus the product of the Normal Ramp Rate, as telemetered by the QSE, multiplied by five), restricted by LASL.

(3) For a more detailed explanation of all the Resource limits calculated by ERCOT, please reference Section 6.5.7.2, Resource Limit Calculator.

6.5.7.1.13 Data Inputs and Outputs for the Real-Time Sequence and SCED

(1) Inputs: The following information must be provided as inputs to the Real-Time Sequence and SCED. ERCOT may require additional information as required, including:

(a) Real-Time data from TSPs including status indication for each point if that data element is stale for more than 20 seconds;

(i) Transmission Electrical Bus voltages;

(ii) MW and MVAr pairs for all transmission lines, transformers, and reactors;

(iii) Actual breaker and switch status for all modeled devices; and

(iv) Tap position for auto-transformers;

(b) State Estimator results (MW and MVAr pairs and calculated MVA) for all modeled Transmission Elements;

(c) Transmission Element ratings from TSPs;

(i) Data from the Network Operations Model:

(A) Transmission lines – Normal, Emergency, and 15-Minute Ratings (MVA); and

(B) Transformers and Auto-transformers – Normal, Emergency, and 15-Minute Ratings (MVA) and tap position limits;

(ii) Data from QSEs:

(A) Generator Step-Up (GSU) transformers tap position;

(B) Resource HSL (from telemetry); and

(C) Resource LSL (from telemetry); and

(d) Real-Time weather, from WGRs, and where available from TSPs or other sources. ERCOT may elect to obtain other sources of weather data and may utilize such information to calculate the dynamic limit of any Transmission Element.

(2) ERCOT shall validate the inputs of the Resource Limit Calculator as follows:

(a) The calculated SURAMP and SDRAMP are each greater than or equal to zero; and

(b) Other provision specified under Section 3.18, Resource Limits in Providing Ancillary Service.

(3) Outputs for ERCOT Operator information and possible action include:

(a) Operator notification of any change in status of any breaker or switch;

(b) Lists of all breakers and switches not in their normal position;

(c) Operator notification of all Transmission Element overloads detected from telemetered or State-Estimated data;

(d) Operator notification of all Transmission Element security violations; and

(e) Operator summary displays:

(i) Transmission system status changes;

(ii) Overloads;

(iii) System security violations; and

(iv) Base Points.

(4) Every hour, ERCOT shall post on the MIS Secure Area the following information:

(a) Status of all breakers and switches used in the NSA except breakers and switches connecting Resources to the ERCOT Transmission Grid;

(b) All binding transmission constraints and the contingency or overloaded element pairs that caused such constraint; and

(c) Shift Factors by Resource Node.

(5) Sixty days after the applicable Operating Day, ERCOT shall post on the MIS Secure Area, the following information:

(a) Hourly transmission line flows and voltages from the State Estimator, excluding transmission line flows and voltages for Private Use Networks; and

(b) Hourly transformer flows, voltages and tap positions from the State Estimator, excluding transformer flows, voltages, and tap positions for Private Use Networks.

(6) Notwithstanding paragraph (5) above, ERCOT, in its sole discretion, shall release relevant State Estimator data less than 60 days after the Operating Day if it determines the release is necessary to provide complete and timely explanation and analysis of unexpected market operations and results or system events including, but not limited to, pricing anomalies, recurring transmission congestion, and system disturbances. ERCOT's release of data under this paragraph shall be limited to intervals associated with the unexpected market or system event as determined by ERCOT. The data release shall be made available simultaneously to all Market Participants.

(7) Notwithstanding paragraph (5) above, ERCOT shall develop and post a redacted version of the State Estimator data, as soon as reasonably practicable after collection of the data, so long as a redacted version excludes information (including, but not limited to,

voltages, transmission flows and transformer flows) from which resource-specific output levels or offer curves could continually and systematically be derived.

[NPRR327: Replace pargraph (7) above with the following upon system implementation:]

(7) Notwithstanding paragraph (5) above, ERCOT shall post a redacted version of the State Estimator data every hour to the MIS Secure Area with a validation check to indicate if the State Estimator does not reach a valid solution. The State Estimator data shall include power flow and voltage information for transmission lines and transformers. ERCOT shall only disclose State Estimator data in Real-Time for elements in the published list as described in Section 3.20, Process for Redacting State Estimator Data for Real-Time Publication. If a Market Participant determines that publishing an element of the State Estimator data, as described in Section 3.20, allows systematic and continual derivation of its Resource-specific output levels and Resource Status or its redacted Load, the Market Participant may request ERCOT remove the element from the published list and the request will be posted on the MIS Secure Area. ERCOT will remove the questionable element from the reports as soon as practicable and the element will be reviewed by TAC according to Section 3.20.1, Methodology for Redaction of State Estimator Data, during the quarterly process described in paragraph (2) of Section 3.20.

[NPRR327: Insert paragraph (8) below and renumber accordingly upon system implementation:]

(8) Every hour, ERCOT shall post on the MIS Secure Area from the State Estimator, individual Load on Electrical Buses utilizing the methodology described in Section 3.20.2, Methodology of Identification of Redacted Load, sum of Load in each Load Zone and total Load on Electrical Buses in the ERCOT System.

(8) Every hour, ERCOT shall post on the MIS Public Area, the sum of ERCOT generation, and flow on the DC Ties, all from the State Estimator.

(9) After every SCED run, ERCOT shall post to the MIS Public Area the sum of the HDL and the sum of the LDL for all Generation Resources On-Line and Dispatched by SCED.

(10) Sixty days after the applicable Operating Day, ERCOT shall provide the summary LDL and HDL report from paragraph (9) above and include, for any Generation Resource, instances of manual overrides of HDL or LDL, including the name of the Generation Resource and the type of override.

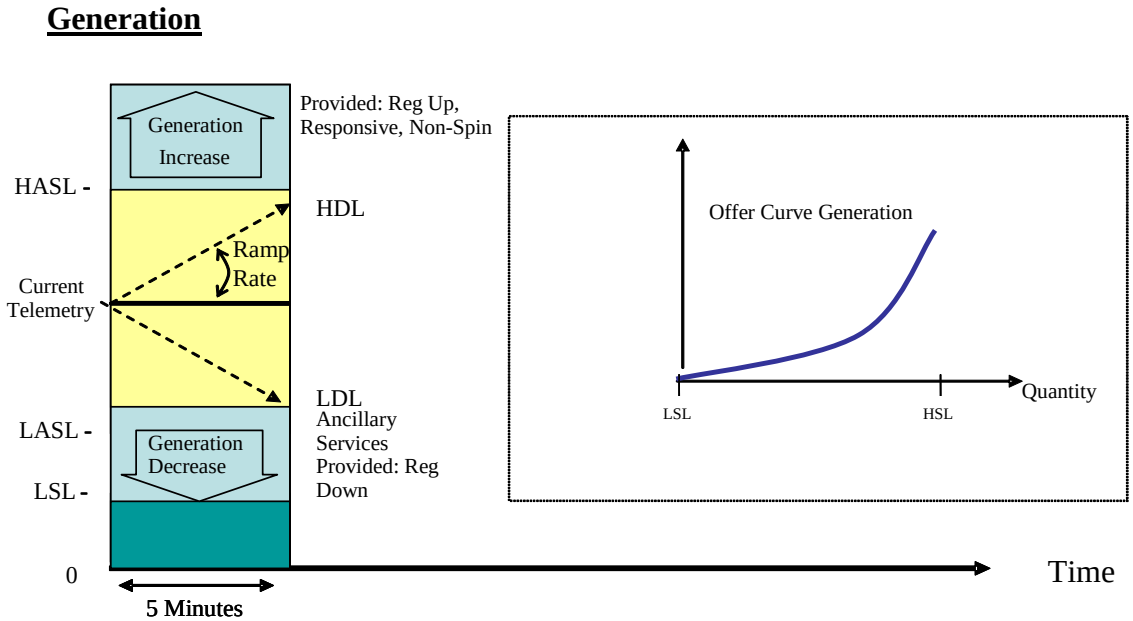
(11) After every SCED run, ERCOT shall post to the MIS Certified Area, for any QSE, instances of a manual override of the HDL or LDL for a Generation Resource, including the original and overridden HDL or LDL.

6.5.7.2 Resource Limit Calculator

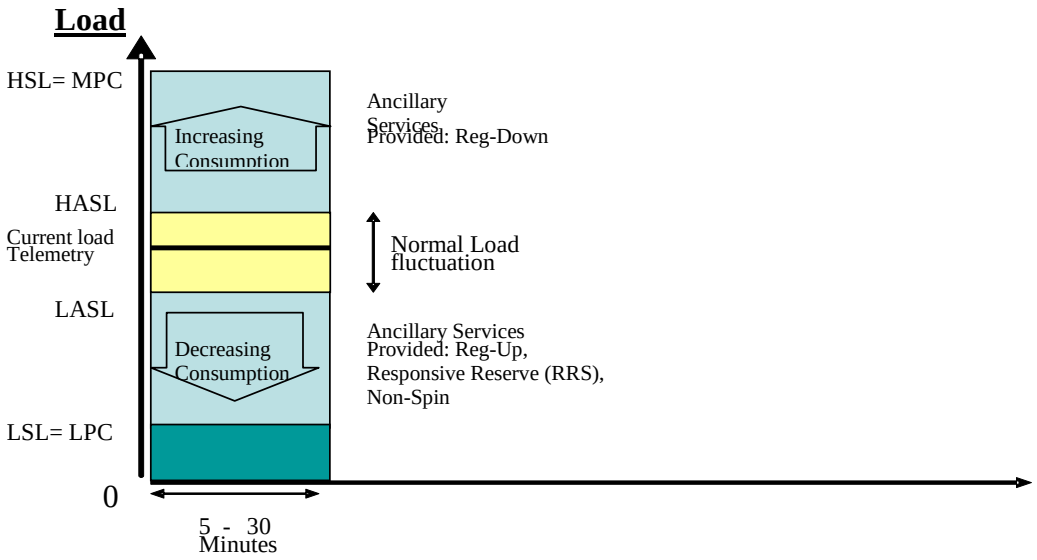
(1) ERCOT shall calculate the HASL, LASL, SURAMP, SDRAMP, HDL and LDL within four seconds after a change of the Resource-specific attributes provided as part of the QSE's SCADA telemetry under Section 6.5.5.2, Operational Data Requirements. The formulas described below define which Resource-specific attributes must be used to calculate each Resource limit. The Resource limits are used as inputs into both the SCED process and the Ancillary Service Capacity Monitor as described in Section 6.5.7.6, Load Frequency Control. These Resource limits help ensure that the deployments produced by the SCED and Load Frequency Control (LFC) processes will respect the commitment of a Resource to provide Ancillary Services as well as individual Resource physical limitations.

(2) The figures below illustrate how the Resource Limit Calculator determines the Resource limits for Generation and Load Resources:

Generation Resources:



Load Resources:

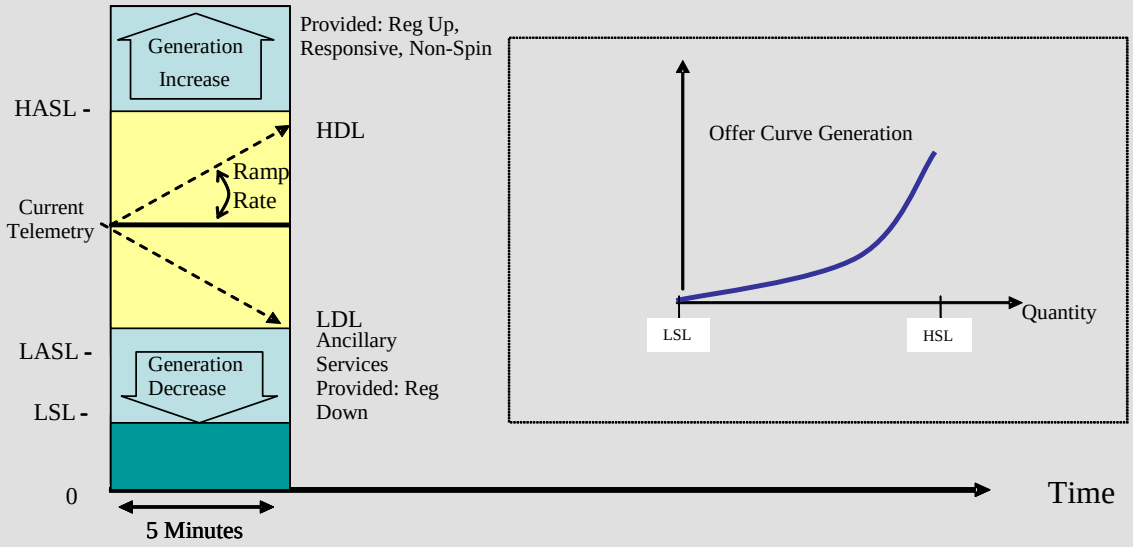


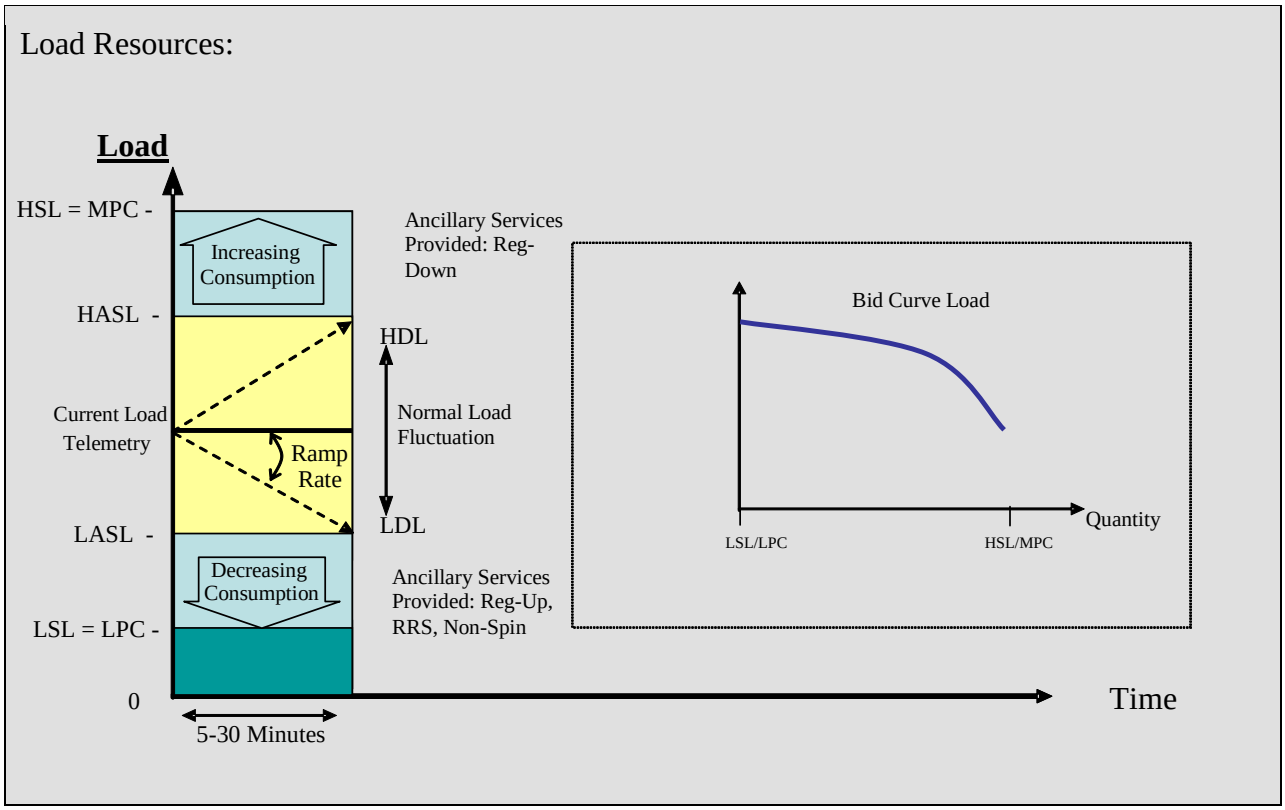
[NPRR555: Replace paragraph (2) above with the following upon system implementation:]

(2) The figures below illustrate how the Resource Limit Calculator determines the Resource limits for Generation and Load Resources:

Generation Resources:

Generation





(3) For Generation Resources, HASL is calculated as follows:

HASL = Max (LASL, (HSLTELEM – (RRSTELEM + RUSTELEM + NSRSTELEM)))

Variable	Description
HASL	High Ancillary Service Limit.
HSLTELEM	High Sustained Limit provided via telemetry – per Section 6.5.5.2.
LASL	Low Ancillary Service Limit.
RRSTELEM	Responsive Reserve Ancillary Service Schedule provided by telemetry.
RUSTELEM	Reg-Up Ancillary Service Resource Responsibility designation provided by telemetry.
NSRSTELEM	Non-Spin Ancillary Service Schedule provided via telemetry.

(4) For Generation Resources, LASL is calculated as follows:

LASL = LSLTELEM + RDSTELEM

Variable	Description
LASL	Low Ancillary Service Limit.
LSLTELEM	Low Sustained Limit provided via telemetry.
RDSTELEM	Reg-Down Ancillary Service Resource Responsibility designation provided by telemetry.

(5) For each Generation Resource, the SURAMP is calculated as follows:

SURAMP = RAMPRATE – (RUSTELEM * REGP / 5)

Variable	Description
SURAMP	SCED Up Ramp Rate.
RAMPRATE	Normal Ramp Rate up, as telemetered by the QSE, when RRS is not deployed or when the subject Resource is not providing RRS. Emergency Ramp Rate up, as telemetered by the QSE, for Resources deploying RRS.
RUSTELEM	Reg-Up Ancillary Service Resource Responsibility designation provided by telemetry.
REGP	Percentage of Regulation Service for which ramp rate will be reserved in Real-Time. The value will be between one and zero. Market Participants will be notified of the change in this value.

(6) For each Generation Resource, the SDRAMP is calculated as follows:

SDRAMP = NORMRAMP – (RDSTELEM * REGP / 5)

Variable	Description
SDRAMP	SCED Down Ramp Rate.
NORMRAMP	Normal Ramp Rate down, as telemetered by the QSE.
RDSTELEM	Reg-Down Ancillary Service Resource Responsibility designation by Resource provided via telemetry.
REGP	Percentage of Regulation Service for which ramp rate will be reserved in Real-Time. The value will be between one and zero. Market Participants will be notified of the change in this value.

(7) For Generation Resources, HDL is calculated as follows:

(a) If the telemetered Resource Status is SHUTDOWN, then

HDL = POWERTELEM – (SDRAMP * 5)

(b) If the telemetered Resource Status is any status code specified in item (5)(b)(i) of Section 3.9.1, Current Operating Plan (COP) Criteria, other than SHUTDOWN, then

HDL = Min (POWERTELEM + (SURAMP * 5), HASL)

Variable	Description
HDL	High Dispatch Limit.
POWERTELEM	Gross or net real power provided via telemetry.
SURAMP	SCED Up Ramp Rate.
SDRAMP	SCED Down Ramp Rate.

HASL	High Ancillary Service Limit – definition provided in Section 2, Definitions and Acronyms.

(8) For Generation Resources, LDL is calculated as follows:

(a) If the telemetered Resource Status is STARTUP, then

LDL = POWERTELEM + (SURAMP * 5)

(b) If the telemetered Resource Status is any status code specified in item (5)(b)(i) of Section 3.9.1 other than STARTUP, then

LDL = Max (POWERTELEM - (SDRAMP * 5), LASL)

Variable	Description
LDL	Low Dispatch Limit.
POWERTELEM	Gross or net real power provided via telemetry.
SDRAMP	SCED Down Ramp Rate.
LASL	Low Ancillary Service Limit – definition provided in Section 2.

(9) For Load Resources, HASL is calculated as follows:

HASL = Max (LPCTELEM, (MPCTELEM – RDSTELEM))

Variable	Description
HASL	High Ancillary Service Limit.
LPCTELEM	Low Power Consumption provided via telemetry.
MPCTELEM	Maximum Power Consumption provided via telemetry.
RDSTELEM	Reg-Down Ancillary Service Resource Responsibility designation provided by telemetry.

(10) For Load Resources, LASL is calculated as follows:

LASL = Min (HASL, (LPCTELEM + (RRSTELEM + RUSTELEM + NSRSTELEM)))

Variable	Description
LASL	Low Ancillary Service Limit.
HASL	High Ancillary Service Limit.
LPCTELEM	Low Power Consumption provided via telemetry.
RRSTELEM	Responsive Reserve Ancillary Service Schedule provided by telemetry.
RUSTELEM	Reg-Up Ancillary Service Resource Responsibility designation provided by telemetry.
NSRSTELEM	Non-Spin Ancillary Service Schedule provided via telemetry.

[NPRR555: Insert paragraphs (11) – (14) below upon system implementation:]

(11) For each Load Resource, the SURAMP is calculated as follows:

SURAMP = RAMPRATE – (RUSTELEM * REGP / 5)

Variable	Description
SURAMP	SCED Up Ramp Rate.
RAMPRATE	Normal Ramp Rate up, as telemetered by the QSE, when RRS is not deployed or when the subject Load Resource is not providing RRS. Emergency Ramp Rate up, as telemetered by the QSE, for Load Resources deploying RRS.
RUSTELEM	Reg-Up Ancillary Service Resource Responsibility designation provided by telemetry.
REGP	Percentage of Regulation Service for which ramp rate will be reserved in Real-Time. The value will be between one and zero. Market Participants will be notified of the change in this value.

(12) For each Load Resource, the SDRAMP is calculated as follows:

SDRAMP = NORMRAMP – (RDSTELEM * REGP / 5)

Variable	Description
SDRAMP	SCED Down Ramp Rate.
NORMRAMP	Normal Ramp Rate down, as telemetered by the QSE.
RDSTELEM	Reg-Down Ancillary Service Resource Responsibility designation by Resource provided via telemetry.
REGP	Percentage of Regulation Service for which ramp rate will be reserved in Real-Time. The value will be between one and zero. Market Participants will be notified of the change in this value.

(13) For Load Resources, HDL is calculated as follows:

HDL = Min (POWERTELEM + (SDRAMP * 5), HASL)

Variable	Description
HDL	High Dispatch Limit.
POWERTELEM	Net real power flow provided via telemetry.
SDRAMP	SCED Down Ramp Rate.
HASL	High Ancillary Service Limit – definition provided in Section 2.

(14) For Load Resources, LDL is calculated as follows:

LDL = Max (POWERTELEM - (SURAMP * 5), LASL)

Variable	Description

LDL	Low Dispatch Limit.
POWERTELEM	Net real power flow provided via telemetry.
SURAMP	SCED Up Ramp Rate.
LASL	Low Ancillary Service Limit – definition provided in Section 2.

6.5.7.3 Security Constrained Economic Dispatch

(1) The SCED process is designed to simultaneously manage energy, the system power balance and network congestion through Resource Base Points and calculation of LMPs every five minutes. The SCED process uses a two-step methodology that applies mitigation prospectively to resolve network Non-Competitive Constraints for the current Operating Hour. The SCED process evaluates Energy Offer Curves and Output Schedules to produce a least cost dispatch of On-Line Generation Resources to the total current generation requirement determined by LFC, subject to power balance and network constraints. The SCED process uses the Resource Status provided by SCADA telemetry under Section 6.5.5.2, Operational Data Requirements, and validated by the Real-Time Sequence, instead of the Resource Status provided by the COP.

[NPRR257 & NPRR555: Replace applicable portions of paragraph (1) above with the following upon system implementation:]

(1) The SCED process is designed to simultaneously manage energy, the system power balance and network congestion through Resource Base Points and calculation of LMPs every five minutes. The SCED process uses a two-step methodology that applies mitigation prospectively to resolve Non-Competitive Constraints for the current Operating Hour. The SCED process evaluates Energy Offer Curves, Output Schedules and Real-Time Market (RTM) Energy Bids to determine Resource Dispatch Instructions by maximizing bid-based revenues minus offer-based costs, subject to power balance and network constraints. The SCED process uses the Resource Status provided by SCADA telemetry under Section 6.5.5.2, Operational Data Requirements, and validated by the Real-Time Sequence, instead of the Resource Status provided by the COP. An RTM Energy Bid represents the bid for energy distributed across all nodes in the Load Zone in which the Controllable Load Resource is located.

(2) The SCED solution must monitor cumulative deployment of Regulation Services and ensure that Regulation Services deployment is minimized over time.

[NPRR555: Insert paragraph (3) below upon system implementation and renumber accordingly:]

(3) In the generation-to-be-dispatched determined by LFC, ERCOT shall subtract the sum of the telemetered net real power consumption from all Controllable Load Resources available to SCED.

(3) For use as SCED inputs, ERCOT shall use the available capacity of all committed Generation Resources by creating proxy Energy Offer Curves for certain Resources as follows:

(a) Non-WGRs and Dynamically Scheduled Resources (DSRs) without Energy Offer Curves

ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below for:

(i) Each non-WGR for which its QSE has submitted an Output Schedule instead of an Energy Offer Curve; and

(ii) Each DSR that has not submitted Incremental and Decremental Energy Offer Curves.

MW	Price (per MWh)
HSL	SWCAP
Output Schedule MW plus 1 MW	SWCAP minus $0.01
Output Schedule MW	-$249.99
LSL	-$250.00

(b) DSRs with Energy Offer Curves

For each DSR that has submitted incremental and decremental Energy Offer Curves, ERCOT shall create a monotonically increasing proxy Energy Offer Curve. That curve must consist of the incremental Energy Offer Curve that reflects the available capacity above the Resource's Output Schedule to its HSL and the decremental Energy Offer Curve that reflects the available capacity below the Resource's Output Schedule to the LSL. The curve must be created as described below:

MW	Price (per MWh)
Output Schedule MW plus 1 MW to HSL	Incremental Energy Offer Curve
LSL to Output Schedule MW	Decremental Energy Offer Curve

(c) Non-WGRs without full-range Energy Offer Curves

For each non-WGR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the Resource's available capacity, ERCOT shall create a proxy Energy Offer Curve that extends the submitted Energy Offer Curve to use the entire available capacity of the Resource using the SWCAP above the highest point on the Energy Offer Curve to the Resource's HSL and the offer floor from the lowest point on the Energy Offer Curve to its LSL, using these points:

MW	Price (per MWh)

HSL (if more than highest MW in Energy Offer Curve)	SWCAP
1 MW above highest MW in Energy Offer Curve (if less than HSL)	SWCAP minus $0.01
Energy Offer Curve	Energy Offer Curve
1 MW below lowest MW in Energy Offer Curve (if more than LSL)	-$249.99
LSL (if less than lowest MW in Energy Offer Curve)	-$250.00

(d) WGRs

(i) For each WGR that has not submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

MW	**Price (per MWh)**
HSL	SWCAP
HSL minus 1 MW	-$249.99
LSL	-$250.00

(ii) For each WGR for which its QSE has submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

MW	**Price (per MWh)**
HSL (if more than highest MW in Energy Offer Curve)	SWCAP
1 MW above highest MW in Energy Offer Curve (if less than HSL)	SWCAP minus $0.01
Energy Offer Curve	Energy Offer Curve
1 MW below lowest MW in Energy Offer Curve (if more than LSL)	-$249.99
LSL (if less than lowest MW in Energy Offer Curve)	-$250.00

(4) The Entity with decision making authority, as more fully described in Section 3.19.1, Constraint Competitiveness Test Definitions, over how a Resource or Split Generation Resource is offered or scheduled, shall be responsible for all offers associated with each Resource, including offers represented by a proxy Energy Offer Curve.

[NPRR555: Insert paragraphs (5) – (7) below upon system implementation and renumber accordingly:]

(5) For a Controllable Load Resource whose QSE has submitted an RTM Energy Bid that does not cover the full range of the Resource's available Demand response capability,

consistent with the Controllable Load Resource's telemetered quantities, ERCOT shall create a proxy energy bid as described below:

MW	Price (per MWh)
LPC to MPC minus maximum MW of RTM Energy Bid	SWCAP
MPC minus maximum MW of RTM Energy Bid to MPC	RTM Energy Bid curve
MPC	Right-most point (lowest price) on RTM Energy Bid curve

(6) ERCOT shall ensure that any RTM Energy Bid is monotonically non-increasing. The QSE representing the Controllable Load Resource shall be responsible for all RTM Energy Bids, including bids updated by ERCOT as described above.

(7) A Controllable Load Resource with a telemetered status of OUTL is not considered as dispatchable capacity by SCED. A QSE may use this function to inform ERCOT of instances when the Controllable Load Resource is unable to follow SCED Dispatch Instructions. Under all telemetered statuses including OUTL, the remaining telemetry quantities submitted by the QSE shall represent the operating conditions of the Controllable Load Resource that can be verified by ERCOT. A QSE representing a Controllable Load Resource with a telemetered status of OUTL is still obligated to provide any applicable Ancillary Service Resource Responsibilities previously awarded to that Controllable Load Resource.

[NPRR240: Insert paragraph (5) upon system implementation and renumber accordingly:]

(5) Energy Offer Curves that were constructed in whole or in part with proxy Energy Offer Curves shall be so marked in all ERCOT postings or references to the energy offer.

(5) The two-step SCED methodology referenced in paragraph (1) above is:

(a) The first step is to execute the SCED process to determine Reference LMPs. In this step, ERCOT executes SCED using the full Network Operations Model while only observing limits of Competitive Constraints. Energy Offer Curves for all On-Line Generation Resources, whether submitted by QSEs or created by ERCOT under this Section, are used in the SCED to determine "Reference LMPs."

[NPRR555: Replace item (5)(a) above with the following upon system implementation:]

(a) The first step is to execute the SCED process to determine Reference LMPs. In this step, ERCOT executes SCED using the full Network Operations Model while only observing limits of Competitive Constraints. Energy Offer Curves for all

On-Line Generation Resources and RTM Energy Bids from available Controllable Load Resources, whether submitted by QSEs or created by ERCOT under this Section, are used in the SCED to determine "Reference LMPs."

(b) The second step is to execute the SCED process to produce Base Points, Shadow Prices, and LMPs, subject to security constraints (including Competitive and Non-Competitive Constraints) and other Resource constraints. The second step must:

(i) Use Energy Offer Curves for all On-Line Generation Resources, whether submitted by QSEs or created by ERCOT. Each Energy Offer Curve must be bounded at the lesser of the Reference LMP (from Step 1) at the Resource Node or the appropriate Mitigated Offer Floor. In addition, each Energy Offer Curve subject to mitigation under the criteria described in Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, must be capped at the greater of the Reference LMP (from Step 1) at the Resource Node plus a variable not to exceed 0.01 multiplied by the value of the Resource's Mitigated Offer Cap curve at the LSL or the appropriate Mitigated Offer Cap; and

[NPRR555: Insert item (5)(b)(ii) below upon system implementation and renumber accordingly:]

(ii) Use RTM Energy Bid curves for all available Controllable Load Resources, whether submitted by QSEs or created by ERCOT. There is no mitigation of RTM Energy Bids;

(ii) Observe all Competitive and Non-Competitive Constraints.

(c) ERCOT shall archive information and provide monthly summaries of security violations and any binding transmission constraints identified in Step 2 of the SCED process. The summary must describe the limiting element (or identified operator-entered constraint with operator's comments describing the reason and the Resource-specific impacts for any manual overrides). ERCOT shall provide the summary to Market Participants on the MIS Secure Area and to the Independent Market Monitor (IMM).

(6) For each SCED process, in addition to the binding Base Points and LMPs, ERCOT shall calculate a non-binding projection of the Base Points and Resource Node LMPs, Hub LMPs and Load Zone LMPs at a frequency of every five minutes for at least 15 minutes into the future based on the same inputs to the SCED process as described in this Section, except that the Resource's HDL and LDL and the total generation requirement will be as estimated at future intervals. The Resource's HDL and LDL will be calculated for each interval of the projection based on the ramp rate capability over the study period. ERCOT shall estimate the projected total generation requirement by calculating a Load forecast for the study period. ERCOT shall post the projected non-binding Base Points

for each Resource for each interval study period on the MIS Certified Area and the projected non-binding LMPs for Resource Nodes, Hub LMPs and Load Zone LMPs on the MIS Public Area pursuant to Section 6.3.2, Activities for Real-Time Operations.

[NPRR555: Insert paragraph (7) below upon system implementation:]

(7) ERCOT may override one or more of a Controllable Load Resource's parameters in SCED if ERCOT determines that the Controllable Load Resource's participation is having an adverse impact on the reliability of the ERCOT System.

6.5.7.4 Base Points

ERCOT shall issue a Base Point for each On-Line Generation Resource on completion of each SCED execution. The Base Point set by SCED must observe a Generation Resource's HDL and LDL. Base Points are automatically superseded on receipt of a new Base Point from ERCOT regardless of the status of any current ramping activity of a Resource. ERCOT shall provide each Base Point using Dispatch Instructions issued over Inter-Control Center Communications Protocol (ICCP) data link to the QSE representing each Resource that include the following information:

(a) Resource identifier that is the subject of the Dispatch Instruction;

(b) MW output;

(c) Time of the Dispatch Instruction;

(d) Flag indicating SCED has dispatched a Generation Resource below HDL used by SCED;

[NPRR285: Insert paragraph (e) below upon system implementation and renumber accordingly:]

(e) Flag indicating SCED has dispatched a Generation Resource away from the Output Schedule submitted for that Generation Resource;

(e) Flag indicating that the Resource is identified for mitigation pursuant to paragraph (7) of Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, and paragraph (5) of Section 6.5.7.3, Security Constrained Economic Dispatch; and

(f) Other information relevant to that Dispatch Instruction.

[NPRR285 and NPRR555: Replace applicable portions of Section 6.5.7.4 above with the

following upon system implementation:]

6.5.7.4 Base Points

ERCOT shall issue a Base Point for each On-Line Generation Resource and each On-Line Controllable Load Resource on completion of each SCED execution. The Base Point set by SCED must observe a Generation Resource's and Controllable Load Resource's HDL and LDL. Base Points are automatically superseded on receipt of a new Base Point from ERCOT regardless of the status of any current ramping activity of a Resource. ERCOT shall provide each Base Point using Dispatch Instructions issued over Inter-Control Center Communications Protocol (ICCP) data link to the QSE representing each Resource that include the following information:

(a) Resource identifier that is the subject of the Dispatch Instruction;

(b) MW output for Generation Resource and MW consumption for Controllable Load Resource;

(c) Time of the Dispatch Instruction;

(d) Flag indicating SCED has dispatched a Generation Resource or Controllable Load Resource below HDL used by SCED;

(e) Flag indicating SCED has dispatched a Generation Resource away from the Output Schedule submitted for that Generation Resource;

(f) Flag indicating that the Resource is identified for mitigation pursuant to paragraph (7) of Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, and paragraph (5) of Section 6.5.7.3, Security Constrained Economic Dispatch; and

(g) Other information relevant to that Dispatch Instruction.

6.5.7.5 Ancillary Services Capacity Monitor

(1) ERCOT shall calculate the following every ten seconds and provide Real-Time summaries to ERCOT Operators and all Market Participants using ICCP, giving updates of calculations every ten seconds, and posting on the MIS Public Area, giving updates of calculations every five minutes, which show the Real-Time total system amount of:

(a) RRS capacity from Generation Resources;

(b) RRS capacity from Load Resources excluding Controllable Load Resources;

(c) RRS capacity from Controllable Load Resources;

(d) Non-Spin available from On-Line Generation Resources with Energy Offer Curves;

(e) Non-Spin available from undeployed Load Resources;

(f) Non-Spin available from Off-Line Generation Resources;

(g) Non-Spin available from Resources with Output Schedules;

(h) Undeployed Reg-Up and undeployed Reg-Down;

(i) Available capacity with Energy Offer Curves in the ERCOT System that can be used to increase Base Points in SCED;

(j) Available capacity with Energy Offer Curves in the ERCOT System that can be used to decrease Base Points in SCED;

(k) Available capacity without Energy Offer Curves in the ERCOT System that can be used to increase Base Points in SCED;

(l) Available capacity without Energy Offer Curves in the ERCOT System that can be used to decrease Base Points in SCED; and

(m) The ERCOT-wide Physical Responsive Capability (PRC) calculated as follows:

$$\mathbf{PRC_1} = \sum_{\substack{i=\text{online generation resource} \\ \text{All online generation resources}}} \mathbf{Min(Max((RDF*HSL - Actual\ Net\ Telemetered\ Output)_i\ ,\ 0.0)\ ,\ 0.2*RDF*HSL_i)}$$

$$\mathbf{PRC_2} = \sum_{\substack{i=\text{online generation resource} \\ \text{All online generation resources}}} \mathbf{((Hydro\text{-}synchronous\ condenser\ output)_i\ as\ qualified\ by\ item\ (9)\ of\ Operating\ Guide\ Section\ 2.3.1.2,\ Additional\ Operational\ Details\ for\ Responsive\ Reserve\ Providers))}$$

$$\sum_{\substack{i=\text{online load resource} \\ \text{All online load resources}}}$$

$\mathbf{PRC_3}$ = **(RRS MW supplied from Load Resources)$_i$**

$\mathbf{PRC = PRC_1 + PRC_2 + PRC_3}$

The above variables are defined as follows:

Variable	Unit	Description
PRC_1	MW	Generation On-Line greater than 0 MW
PRC_2	MW	Hydro-synchronous condenser output
PRC_3	MW	RRS supplied from Load Resources
PRC	MW	Physical Responsive Capability
RDF		The currently approved Reserve Discount Factor

[NPRR555: Replace paragraph (1) above with the following upon system implementation:]

(1) ERCOT shall calculate the following every ten seconds and provide Real-Time summaries to ERCOT Operators and all Market Participants using ICCP, giving updates of calculations every ten seconds, and posting on the MIS Public Area, giving updates of calculations every five minutes, which show the Real-Time total system amount of:

(a) RRS capacity from Generation Resources;

(b) RRS capacity from Load Resources excluding Controllable Load Resources;

(c) RRS capacity from Controllable Load Resources;

(d) Non-Spin available from On-Line Generation Resources with Energy Offer Curves;

(e) Non-Spin available from undeployed Load Resources;

(f) Non-Spin available from Off-Line Generation Resources;

(g) Non-Spin available from Resources with Output Schedules;

(h) Undeployed Reg-Up and undeployed Reg-Down;

(i) Available capacity from Controllable Load Resources in the ERCOT System that can be used to decrease Base Points (energy consumption) in SCED;

(j) Available capacity from Controllable Load Resources in the ERCOT System that can be used to increase Base Points (energy consumption) in SCED;

(k) Available capacity with Energy Offer Curves in the ERCOT System that can be used to increase Generation Resource Base Points in SCED;

(l) Available capacity with Energy Offer Curves in the ERCOT System that can be used to decrease Generation Resource Base Points in SCED;

(m) Available capacity without Energy Offer Curves in the ERCOT System that can be used to increase Generation Resource Base Points in SCED;

(n) Available capacity without Energy Offer Curves in the ERCOT System that can be used to decrease Generation Resource Base Points in SCED; and

(o) The ERCOT-wide Physical Responsive Capability (PRC) calculated as follows:

$$PRC_1 = \sum_{i=\text{online generation resource}}^{\text{All online generation resources}} \text{Min}(\text{Max}((RDF*HSL - \text{Actual Net Telemetered Output})_i, 0.0), 0.2*RDF*HSL_i)$$

$$PRC_2 = \sum_{i=\text{online generation resource}}^{\text{All online generation resources}} ((\text{Hydro-synchronous condenser output})_i \text{ as qualified by item (9) of Operating Guide Section 2.3.1.2, Additional Operational Details for Responsive Reserve Providers})$$

$$PRC_3 = \sum_{i=\text{online load resource}}^{\text{All online load resources}} (\text{RRS MW supplied from Load Resources controlled by high-set under-frequency relay})_i$$

$$PRC_4 = \sum_{i=\text{online load resource}}^{\text{All online load resources}} \text{Min}(\text{Max}((LRDF_1*\text{Actual Net Telemetered Consumption} - LPC)_i, 0.0), (0.2 * LRDF_1 * \text{Actual Net Telemetered Consumption})) \text{ from all Controllable Load Resources active in SCED and carrying Ancillary Service Resource Responsibility}$$

$$PRC_5 = \sum_{i=\text{online load resource}}^{\text{All online load resources}} \text{Min}(\text{Max}((LRDF_2 * (\text{Actual Net Telemetered Consumption} - LPC)_i, 0.0), (0.2 *$$

LRDF_2 * Actual Net Telemetered Consumption)) from all Controllable Load Resources active in SCED and not carrying Ancillary Service Resource Responsibility

$$\mathbf{PRC = PRC_1 + PRC_2 + PRC_3 + PRC_4 + PRC_5}$$

The above variables are defined as follows:

Variable	Unit	Description
PRC_1	MW	Generation On-Line greater than 0 MW
PRC_2	MW	Hydro-synchronous condenser output
PRC_3	MW	RRS supplied from Load Resources controlled by high-set under-frequency relay
PRC_4	MW	Capacity from Controllable Load Resources active in SCED and carrying Ancillary Service Resource Responsibility
PRC_5	MW	Capacity from Controllable Load Resources active in SCED and not carrying Ancillary Service Resource Responsibility
PRC	MW	Physical Responsive Capability
RDF		The currently approved Reserve Discount Factor
LRDF_1		The currently approved Load Resource Reserve Discount Factor for Controllable Load Resources carrying Ancillary Service Resource Responsibility
LRDF_2		The currently approved Load Resource Reserve Discount Factor for Controllable Load Resources not carrying Ancillary Service Resource Responsibility

[NPRR495 & NPRR555: Replace applicable portions of paragraph (1) above with the following upon system implementation:]

(1) ERCOT shall calculate the following every ten seconds and provide Real-Time summaries to ERCOT Operators and all Market Participants using ICCP, giving updates of calculations every ten seconds, and posting on the MIS Public Area, giving updates of calculations every five minutes, which show the Real-Time total system amount of:

(a) RRS capacity from:

(i) Generation Resources;

(ii) Load Resources excluding Controllable Load Resources; and

(iii) Controllable Load Resources;

(b) Ancillary Service Resource Responsibility for RRS from:

(i) Generation Resources;

(ii) Load Resources excluding Controllable Load Resources; and

(iii) Controllable Load Resources;

(c) RRS deployed to Generation and Controllable Load Resources;

(d) Non-Spin available from:

(i) On-Line Generation Resources with Energy Offer Curves;

(ii) Undeployed Load Resources;

(iii) Off-Line Generation Resources; and

(iv) Resources with Output Schedules;

(e) Ancillary Service Resource Responsibility for Non-Spin from:

(i) On-Line Generation Resources with Energy Offer Curves;

(ii) On-Line Generation Resources with Output Schedules;

(iii) Load Resources;

(iv) Off-Line Generation Resources excluding Quick Start Generation Resources (QSGRs); and

(v) QSGRs;

(f) Undeployed Reg-Up and Reg-Down;

(g) Ancillary Service Resource Responsibility for Reg-Up and Reg-Down;

(h) Deployed Reg-Up and Reg-Down;

(i) Available capacity:

(i) With Energy Offer Curves in the ERCOT System that can be used to increase Generation Resource Base Points in SCED;

(ii) With Energy Offer Curves in the ERCOT System that can be used to decrease Generation Resource Base Points in SCED;

(iii) Without Energy Offer Curves in the ERCOT System that can be used to increase Generation Resource Base Points in SCED;

(iv) Without Energy Offer Curves in the ERCOT System that can be used to decrease Generation Resource Base Points in SCED;

(v) With RTM Energy Bid curves from available Controllable Load Resources in the ERCOT System that can be used to decrease Base Points (energy consumption) in SCED; and

(vi) With RTM Energy Bid curves from available Controllable Load Resources in the ERCOT System that can be used to increase Base Points (energy consumption) in SCED;

(j) The ERCOT-wide Physical Responsive Capability (PRC) calculated as follows:

$$PRC_1 = \sum_{i=\text{online generation resource}}^{\text{All online generation resources}} \textbf{Min(Max((RDF*HSL – Actual Net Telemetered Output)}_i \textbf{ , 0.0) , 0.2*RDF*HSL}_i\textbf{)}$$

$$PRC_2 = \sum_{i=\text{online generation resource}}^{\text{All online generation resources}} \textbf{((Hydro-synchronous condenser output)}_i \textbf{ as qualified by item (9) of Operating Guide Section 2.3.1.2, Additional Operational Details for Responsive Reserve Providers))}$$

$$PRC_3 = \sum_{i=\text{online load resource}}^{\text{All online load resources}} \textbf{(RRS MW supplied from Load Resources controlled by high-set under-frequency relay)}_i$$

$$PRC_4 = \sum_{i=\text{online load resource}}^{\text{All online load resources}} \textbf{Min(Max((LRDF_1*Actual Net Telemetered Consumption – LPC)}_i\textbf{, 0.0), (0.2 * LRDF_1 * Actual Net Telemetered Consumption)) from all Controllable Load Resources active in SCED and carrying Ancillary Service Resource Responsibility}$$

$$PRC_5 = \sum_{i=\text{online load resource}}^{\text{All online load resources}} \textbf{Min(Max((LRDF_2 * (Actual Net Telemetered Consumption – LPC)}_i\textbf{, 0.0), (0.2 *}$$

LRDF_2 * Actual Net Telemetered Consumption)) from all Controllable Load Resources active in SCED and not carrying Ancillary Service Resource Responsibility

PRC = PRC_1 + PRC_2 + PRC_3+ PRC_4 + PRC_5

The above variables are defined as follows:

Variable	Unit	Description
PRC_1	MW	Generation On-Line greater than 0 MW
PRC_2	MW	Hydro-synchronous condenser output
PRC_3	MW	RRS supplied from Load Resources controlled by high-set under-frequency relay
PRC_4	MW	Capacity from Controllable Load Resources active in SCED and carrying Ancillary Service Resource Responsibility
PRC_5	MW	Capacity from Controllable Load Resources active in SCED and not carrying Ancillary Service Resource Responsibility
PRC	MW	Physical Responsive Capability
RDF		The currently approved Reserve Discount Factor
LRDF_1		The currently approved Load Resource Reserve Discount Factor for Controllable Load Resources carrying Ancillary Service Resource Responsibility
LRDF_2		The currently approved Load Resource Reserve Discount Factor for Controllable Load Resources not carrying Ancillary Service Resource Responsibility

(2) Each QSE shall operate Resources providing Ancillary Service capacity to meet its obligations. If a QSE experiences temporary conditions where its total obligation for providing Ancillary Service cannot be met on the QSE's Resources, then the QSE may add additional capability from other Resources that it represents. It adds that capability by changing the Resource Status and updating the Ancillary Service Schedules and Ancillary Services Resource Responsibility of the affected Resources and notifying ERCOT under Section 6.4.8.1, Evaluation and Maintenance of Ancillary Service Capacity Sufficiency. If the QSE is unable to meet its total obligations to provide committed Ancillary Services capacity, the QSE shall notify ERCOT immediately of the expected duration of the QSE's inability to meet its obligations. ERCOT shall determine whether replacement Ancillary Services will be procured to account for the QSE's shortfall according to Section 6.4.8.1.

[NPRR555: Insert paragraph (3) below upon system implementation:]

(3) The Load Resource Reserve Discount Factors for Controllable Load Resources (LRDF_1 and LRDF_2) shall be subject to review and approval by TAC and shall be posted to the MIS Public Area no later than three Business Days after TAC approval.

6.5.7.6 Load Frequency Control

The function of LFC is to maintain system frequency without a cost optimization function. ERCOT shall execute LFC every four seconds to reduce system frequency deviations from scheduled frequency by providing a control signal to each QSE that represents Resources providing Regulation Service and RRS service.

6.5.7.6.1 LFC Process Description

(1) The LFC system corrects system frequency based on the Area Control Error (ACE) algorithm and Good Utility Practice.

(2) The ACE algorithm subtracts the actual frequency in Hz from the scheduled system frequency (normally 60 Hz), and multiplies the result by the frequency bias constant of MW/0.1 Hz. The ACE algorithm then takes that product and subtracts a configurable portion of the sum of the difference between the Updated Desired Base Point and Real-Time net MW output as appropriate. LFC shall ensure that the total reduction will not exceed the system-wide regulation requirement. This calculation produces an ACE value, which is a MW-equivalent correction needed to control the actual system frequency to the scheduled system frequency value.

(3) The LFC module receives inputs from Real-Time telemetry that includes Resource output and actual system frequency. The LFC uses actual Resource information calculated from SCADA to determine available Resource capacity providing Regulation and RRS services.

(4) Based on the ACE MW correction, the LFC issues a set of control signals every four seconds to each QSE providing Regulation and, if required, each QSE providing RRS. Control must be proportional to the QSE's share of each of the services that it is providing, respecting the QSE's Resources' capability to provide regulation control. Control signals are provided to the QSE using the ICCP data link. QSEs shall receive an Updated Desired Base Point updated every four seconds by LFC. ERCOT will provide an Operations Notice of any methodology change to the determination of the Updated Desired Base Point within 60 minutes of the change.

(5) Each QSE shall allocate its Regulation energy deployment among its Resources to meet a deployment signal, and shall provide ERCOT with the participation factor of each Resource via telemetry in accordance with Section 6.5.7.6.2.1, Deployment of Regulation Service, and Section 6.4.8.1, Evaluation and Maintenance of Ancillary Service Capacity Sufficiency. Each QSE's allocation of Regulation Service to its Resources must be consistent with the telemetry provided under Section 6.5.5.2, Operational Data Requirements. Each QSE's allocation of its Regulation energy deployment among its Resources to meet a deployment signal must ensure the participation factors of all its Generation Resources in comparison to all its Controllable Load Resources remains constant.

(6) If all Reg-Up capacity has been deployed, ERCOT shall use the LFC system to deploy Responsive Reserve on Generation Resources and Controllable Load Resources. Such Responsive Reserve deployments by ERCOT must be deployed as specified in Section 6.5.7.6.2.2, Deployment of Responsive Reserve Service.

(7) ERCOT shall settle energy that results from LFC deployment at the Settlement Point Price for the point of injection. When a QSE deploys Responsive Reserve Service, the QSE shall deploy units consistent with the performance criteria for RRS service in Sections 8.1.1.3.2, Responsive Reserve Service Capacity Monitoring Criteria, and 8.1.1.4.2, Responsive Reserve Service Energy Deployment Criteria.

(8) The inputs for LFC include:

(a) Actual system frequency;

(b) Scheduled system frequency;

(c) Capacity available for Regulation by QSE;

(d) Telemetered high and low Regulation availability status indications for each Resource available for Regulation deployments for ERCOT information;

(e) Resource limits calculated by ERCOT as described Section 6.5.7.2, Resource Limit Calculator;

(f) Resource Regulation participation factor;

(g) Capacity available for Responsive Reserve by QSE;

(h) ERCOT System frequency bias; and

(i) Telemetered Resource output.

(9) If system frequency deviation is greater than an established threshold, ERCOT may issue Dispatch Instructions to those Resources not providing Reg-Up or Reg-Down that have Base Points directionally opposite ACE, to temporarily suspend ramping to their Base Point until frequency deviation returns to zero.

6.5.7.6.2 LFC Deployment

ERCOT may deploy Regulation, Responsive Reserve, and Non-Spin only as prescribed by their respective specific functions to maintain frequency and system security. ERCOT may not substitute one Ancillary Service for another.

6.5.7.6.2.1 Deployment of Regulation Service

(1) ERCOT shall deploy Reg-Up and Reg-Down necessary to maintain ERCOT System frequency to meet NERC Control Area and other Control Area performance criteria as specified in these Protocols and the Operating Guides.

(2) Reg-Up is a deployment or recall of a deployment referenced to the Resource's Base Point in response to a change (up or down) in ERCOT System frequency to maintain the target ERCOT System frequency within predetermined limits according to the Operating Guides.

(3) Reg-Down is a deployment or recall of a deployment referenced to the Resource's Base Point in response to a change (up or down) in ERCOT System frequency to maintain the target ERCOT System frequency within predetermined limits according to the Operating Guides.

(4) These requirements also apply to the deployment or recall of a deployment of Reg-Up and Reg-Down:

(a) Deployment or recall of a deployment must be accomplished through use of an automatic signal from ERCOT to each QSE provider of Reg-Up and Reg-Down.

(b) ERCOT shall minimize Reg-Up and Reg-Down energy as much as practicable in each SCED cycle.

(c) ERCOT shall settle energy provided by Reg-Up and Reg-Down at the Resource's Settlement Point Price.

(d) ERCOT shall integrate the control signal sent to providers of Reg-Up and shall calculate the amount of energy deployed by Reg-Up in each Settlement Interval.

(e) ERCOT shall integrate the control signal sent to providers of Reg-Down and shall calculate the amount of energy deployed by Reg-Down in each Settlement Interval.

(f) ERCOT shall calculate for each LFC cycle the amount of regulation that each Resource is expected to provide at that instant in time. The expected amount must be averaged over each SCED interval. The actual generation from telemetry must also be averaged over each SCED interval.

(5) Every day, ERCOT shall post to the MIS Secure Area the total amount of deployed Reg-Up and Reg-Down energy in each Settlement Interval of the previous day.

(6) For each Resource providing Reg-Up or Reg-Down, the implied ramp rate in MW per minute is the total amount of Regulation Service awarded divided by five.

(7) Each QSE providing Reg-Up or Reg-Down and ERCOT shall meet the deployment performance requirements specified in Section 8, Performance Monitoring.

(8) ERCOT shall issue Reg-Up and Reg-Down deployment Dispatch Instructions over ICCP. Those Dispatch Instructions must contain the change in MW output requested of the QSE assuming all Resources are at their Updated Desired Base Point issued by LFC.

6.5.7.6.2.2 Deployment of Responsive Reserve Service

(1) RRS is intended to:

(a) Help restore the frequency within the first few seconds of a significant frequency deviation of the interconnected transmission system;

(b) Provide energy during the implementation of an Energy Emergency Alert (EEA); and

(c) Provide backup Reg-Up.

(2) ERCOT shall deploy RRS to meet NERC Control Performance Standards and other performance criteria as specified in these Protocols and the Operating Guides, by one or more of the following:

(a) RRS energy deployment by providing Primary Frequency Response as a result of a significant frequency deviation;

(b) Through use of an automatic Dispatch Instruction signal to deploy RRS capacity from Generation Resources or deploy RRS energy from Controllable Load Resources;

[NPRR555: Replace paragraph (2)(b) above with the following upon system implementation:]

(b) Through use of an automatic Dispatch Instruction signal to deploy RRS capacity from Generation Resources or deploy RRS capacity from Controllable Load Resources;

(c) By Dispatch Instructions for deployment of RRS energy from a Load Resource, excluding Controllable Load Resources, by an electronic Messaging System; and

(d) RRS energy deployment by automatic action of high-set under-frequency relays as a result of a significant frequency deviation.

(3) ERCOT shall deploy RRS to respond to a frequency deviation when the power requirement to restore frequency to normal ACE in ten minutes exceeds the Reg-Up ramping capability. Deployment of RRS on Load Resources, excluding Controllable Load Resources, must be as described in Section 6.5.9.4, Energy Emergency Alert.

(4) ERCOT may deploy RRS in response to system disturbance requirements as specified in the Operating Guides if no additional energy is available to be dispatched from SCED as determined by the Ancillary Service Capacity Monitor.

(5) Energy from RRS Resources may also be deployed by ERCOT under Section 6.5.9, Emergency Operations.

(6) ERCOT shall allocate the deployment of RRS proportionally among QSEs that provide RRS using Resources that are not on high-set under-frequency relays.

(7) ERCOT shall use the SCED and Non-Spin as soon as practicable to minimize the prolonged use of RRS energy.

(8) Once RRS is deployed, the QSE's obligation to deliver RRS remains in effect until specifically instructed by ERCOT to stop providing RRS. However, except in an Emergency Condition, the QSE's obligation to deliver RRS may not exceed the period for which the service was committed.

(9) Following the deployment or recall of a deployment by Dispatch Instruction of RRS, QSE shall adjust the telemetered RRS Ancillary Service Schedule of Resources providing the service and ERCOT shall adjust the HASL and LASL based on the QSE's telemetered Ancillary Service Schedule for RRS as described in Section 6.5.7.2, Resource Limit Calculator, to account for such deployment.

(10) A Controllable Load Resource is recalled by ERCOT Operator Dispatch Instruction subject to its normal ramp rate.

[NPRR555: Delete paragraph (10) above upon system implementation and renumber accordingly.]

(11) QSEs providing RRS and ERCOT shall meet the deployment performance requirements specified in Section 8, Performance Monitoring.

(12) ERCOT shall issue RRS deployment Dispatch Instructions over ICCP for Generation Resources and Controllable Load Resources and Extensible Markup Language (XML) for all other Load Resources. Those Dispatch Instructions must contain the MW output requested. For Generation Resources from which RRS capacity was deployed, ERCOT shall use SCED to dispatch RRS energy. The Base Points for those Resources includes RRS energy as well as any other energy dispatched by SCED.

[NPRR555: Replace paragraph (12) above with the following upon system implementation:]

(12) ERCOT shall issue RRS deployment Dispatch Instructions over ICCP for Generation Resources and Controllable Load Resources and Extensible Markup Language (XML) for all other Load Resources. Those Dispatch Instructions must contain the MW output requested. For Generation Resources and Controllable Load Resources from which RRS

capacity was deployed, ERCOT shall use SCED to dispatch RRS energy. The Base Points for those Resources includes RRS energy as well as any other energy dispatched by SCED.

(13) To the extent that ERCOT deploys a Load Resource that has chosen a block deployment option, ERCOT shall either deploy the entire offer or, if only partial deployment is possible, skip the offer by the Load Resource with the block deployment option and proceed to deploy the next available Resource.

[NPRR555: Replace paragraph (13) above with the following upon system implementation:]

(13) To the extent that ERCOT deploys a Load Resource that is not a Controllable Load Resource and that has chosen a block deployment option, ERCOT shall either deploy the entire responsibility or, if only partial deployment is possible, skip the Load Resource with the block deployment option and proceed to deploy the next available Resource.

(14) The amount of RRS that a QSE can self-arrange using a Load Resource that is not a Controllable Load Resource is limited to the percentage amount of total RRS that the Load Resource can provide as specified by ERCOT. However, a QSE may offer additional Load Resources into the ERCOT RRS Ancillary Service market.

6.5.7.6.2.3 Non-Spinning Reserve Service Deployment

(1) ERCOT shall deploy Non-Spin Service by operator Dispatch Instruction for the portion of On-Line Generation Resources that is only available through power augmentation and participating as Off-Line Non-Spin, Off-Line Generation Resources and Load Resources. ERCOT shall develop a procedure approved by TAC to deploy Resources providing Non-Spin Service. ERCOT Operators shall implement the deployment procedure when a specified threshold(s) in MW of capability available to SCED to increase generation is reached. ERCOT Operators may implement the deployment procedure to recover deployed RRS or when other Emergency Conditions exist. The deployment of Non-Spin must always be 100% of that scheduled on an individual Resource.

(2) Once Non-Spin capacity from Off-Line Generation Resources providing Non-Spin is deployed and the Generation Resources are On-Line, ERCOT shall use SCED to determine the amount of energy to be dispatched from those Resources.

(3) Off-Line Generation Resources providing Non-Spin (OFFNS Resource Status) are required to provide an Energy Offer Curve for use by SCED.

(4) On receipt of a deployment instruction, Load Resources providing Non-Spin must, at a minimum, provide the requested deployment energy within 30 minutes of the Dispatch Instruction. Within 20 minutes after receipt of the deployment instruction, the QSE shall

reduce the Non-Spin Ancillary Service Schedule by the amount of the deployment to make the capacity available for SCED to dispatch.

[NPRR532: Replace paragraph (4) above with the following upon system implementation:]

(4) Load Resources providing Non-Spin (ONRL Resource Status) shall be deployed only if needed as the last Resources deployed by ERCOT in a Non-Spin deployment event. On receipt of a deployment instruction, Load Resources providing Non-Spin must, at a minimum, provide the requested deployment energy within 30 minutes of the Dispatch Instruction. Within 20 minutes after receipt of the deployment instruction, the QSE shall reduce the Non-Spin Ancillary Service Schedule by the amount of the Load Resource deployment. A Load Resource consisting of an aggregation of Loads must comply with all requirements in the document titled "Requirements for Aggregate Load Resource Participation in the ERCOT Markets."

[NPRR555: Replace paragraph (4) above with the following upon system implementation:]

(4) Controllable Load Resources providing Non-Spin (ONRL Resource Status) shall have an RTM Energy Bid for SCED and shall be capable of being Dispatched to its Non-Spin Ancillary Service Resource Responsibility within 30 minutes of a deployment instruction for capacity, using the Resource's Normal Ramp Rate curve. An Aggregate Load Resource must comply with all requirements in the document titled "Requirements for Aggregate Load Resource Participation in the ERCOT Markets."

(5) Subject to the exceptions described in paragraphs (a) and (b) below, On-Line Generation Resources that are assigned Non-Spin Ancillary Service Resource Responsibility during an Operating Hour shall always be deployed in that Operating Hour. This deployment shall be considered as a standing Protocol-directed Non-Spin deployment Dispatch Instruction. Within the 30-second window prior to the top-of-hour clock interval described in paragraph (2) of Section 6.3.2, Activities for Real-Time Operations, the QSE shall respond to the standing Non-Spin deployment Dispatch Instruction for those Generation Resources assigned Non-Spin Ancillary Service Resource Responsibility effective at the top-of-hour by adjusting the Non-Spin Ancillary Service Schedule telemetry. The QSE shall set the Non-Spin Ancillary Service Schedule telemetry equal to the portion of Non-Spin being provided from power augmentation if the portion being provided from power augmentation is participating as Off-Line Non-Spin, otherwise it shall be set to 0. As described in Section 6.5.7.2, Resource Limit Calculator, ERCOT shall adjust the HASL and LASL based on the QSE's telemetered Non-Spin Ancillary Service Schedule to account for such deployment and to make the energy from the full amount of the Non-Spin Ancillary Service Resource Responsibility available to SCED. A Non-Spin deployment Dispatch Instruction from ERCOT is not required and these Generation Resources must be able to Dispatch their Non-Spin Ancillary Service Resource Responsibility in response to a SCED Base Point deployment instruction. The provisions of this paragraph (5) do not apply to:

(a) Quick Start Generation Resources (QSGRs) assigned Off-Line Non-Spin Ancillary Service Resource Responsibility and provided to SCED for deployment, which must follow the provisions of Section 3.8.3, Quick Start Generation Resources; or

(b) The portion of On-Line Generation Resources that is only available through power augmentation if participating as Off-Line Non Spin.

(6) Off-Line Generation Resources providing Non-Spin, while Off-Line and before the receipt of any deployment instruction, shall be capable of being dispatched to their Non-Spin Resource Responsibility within 30 minutes of a deployment instruction. Following a deployment instruction, the QSE shall reduce the Non-Spin Ancillary Service Schedule by the amount of the deployment. An Off-Line Generation Resource providing Non-Spin must also be brought On-Line with an Energy Offer Curve at an output level greater than or equal to P1 multiplied by LSL where P1 is defined in the "ERCOT and QSE Operations Business Practices During the Operating Hour." These actions must be done within a time frame that would allow SCED to fully dispatch the Resource's Non-Spin Resource Responsibility within the 30 minute period using the Resource's Normal Ramp Rate curve. The Resource Status indicating that a Generation Resource has come On-Line with an Energy Offer Curve is ON as described in paragraph (5)(b)(i) of Section 3.9.1, Current Operating Plan (COP) Criteria.

(7) For DSRs providing Non-Spin, on deployment of Non-Spin, the DSR's QSE shall adjust its Resource Output Schedule to reflect the amount of deployment. For non-DSRs with Output Schedules providing Non-Spin, on deployment of Non-Spin, ERCOT shall adjust the Resource Output Schedule for the remainder of the Operating Period to reflect the amount of deployment. ERCOT shall notify the QSEs representing the non-DSR of the adjustment through the MIS Certified Area.

(8) For On-Line Generation Resources providing Non-Spin, Base Points include Non-Spin energy as well as any other energy dispatched as a result of SCED. These Resources' Non-Spin Ancillary Service Resource Responsibility and Normal Ramp Rate curve should allow SCED to fully Dispatch the Resource's Non-Spin Resource Responsibility within the 30-minute time frame according to the Resources' Normal Ramp Rate curve. For the portion of the Non-Spin Ancillary Service Resource Responsibility provided from power augmentation participating as Off-Line, SCED should be able to be dispatch it within 30 minutes of the Non-Spin deployment instruction.

(9) Each QSE providing Non-Spin from a Resource shall inform ERCOT of the Non-Spin Resource availability using the Resource Status and Non-Spin Ancillary Service Resource Responsibility indications for the Operating Hour using telemetry and shall use the COP to inform ERCOT of Non-Spin Resource Status and Non-Spin Ancillary Service Resource Responsibility for hours in the Adjustment Period through the end of the Operating Day.

(10) ERCOT may deploy Non-Spin at any time in a Settlement Interval.

(11) ERCOT's Non-Spin deployment Dispatch Instructions must include:

(a) The Resource name;

(b) A MW level of capacity deployment for Generation Resources with Energy Offer Curve, a MW level of energy for Generation Resources with Output Schedules, and interrupted amount for Load Resources; and

[NPRR532: Replace item (11)(b) above with the following upon system implementation:]

(b) A MW level of capacity deployment for Generation Resources with Energy Offer Curve, a MW level of energy for Generation Resources with Output Schedules, and a Dispatch Instruction for Load Resources equal to their awarded Non-Spin Ancillary Service Resource Responsibility; and

(c) The anticipated duration of deployment.

(12) ERCOT shall provide a signal via ICCP to the QSE of a deployed Generation or Load Resource indicating that its Non-Spin capacity has been deployed.

(13) ERCOT shall, as part of its TAC-approved Non-Spin deployment procedure, provide for the recall of Non-Spin energy including descriptions of changes to Output Schedules and release of energy obligations from On-Line Resources with Output Schedules and from On-Line Resources that were previously Off-Line Resources providing Non-Spin capacity.

(14) Non-Spin procured from a Load Resource block offer must be deployed as a block.

[NPRR555: Delete paragraph (14) above upon system implementation and renumber accordingly.]

(15) ERCOT shall provide a notification to all QSEs via the MIS Public Area when any Non-Spin capacity is deployed on the ERCOT System showing the time, MW quantity and the anticipated duration of the deployment.

6.5.7.7 Voltage Support Service

(1) ERCOT shall coordinate with TSPs the creation and maintenance of Voltage Profiles as described in Section 3.15, Voltage Support.

(2) ERCOT, or TSPs designated by ERCOT, shall instruct QSEs having Generation Resources required to provide Voltage Support Service (VSS), to make adjustments for voltage support within the Unit Reactive Limit (URL) provided by the QSE to ERCOT. A Generation Resource providing VSS may not be requested to reduce MW output so as to provide additional MVAr, nor may they be requested to operate on a voltage schedule outside the URL specified by the QSE without a Dispatch Instruction requesting Resource-specific Dispatch.

(3) ERCOT and TSPs shall develop operating procedures specifying Voltage Profiles of transmission-controlled reactive Resources to minimize the dependence on generation-supplied reactive Resources. For Generation Resources required to provide VSS, GSU transformer tap settings must be managed to maximize the use of the ERCOT System for all Market Participants while maintaining adequate reliability.

(4) Each TSP, under ERCOT's direction, is responsible for monitoring and ensuring that all Generation Resources required to provide VSS dynamic reactive sources in a local area are deployed in approximate proportion to their respective installed Reactive Power capability requirements.

(5) Each Generation Resource required to provide VSS shall support the transmission voltage at the Point of Interconnection (POI) to the ERCOT Transmission Grid, or at the transmission bus in accordance with paragraph (7) of Section 3.15, Voltage Support, as directed by ERCOT within the operating Reactive Power capability of the Resource.

(6) Each QSE providing VSS shall meet the deployment performance requirements specified in Section 8, Performance Monitoring.

6.5.7.8 Dispatch Procedures

(1) ERCOT shall issue all Resource Dispatch Instructions to the QSE that represents the affected Resource. A QSE may provide a Resource Status of ONTEST for a Generation Resource not providing Ancillary Services to indicate that the Resource is currently undergoing unit testing and is blocked from SCED Dispatch. A QSE may provide a Resource Status of STARTUP for a Generation Resource not providing Ancillary Services to indicate that the Resource is currently undergoing a start-up sequence which requires manual control below or above its telemetered LSL to stabilize the Resource prior to its availability for SCED Dispatch. Generation Resources with a Resource Status of ONTEST will be provided a Base Point equal to the net real power telemetry at the time of the SCED execution. ERCOT may not issue Dispatch Instructions to the QSE for Generation Resources with a Resource Status of ONTEST except:

(a) For Dispatch Instructions that are a part of testing; or

(b) During conditions when the Resource is the only alternative for solving a transmission constraint; or

(c) During Force Majeure Events that threaten the reliability of the ERCOT System.

(2) Each QSE shall immediately forward any valid Dispatch Instruction to the appropriate Resource or group of Resources or identify a reason for non-compliance with the Dispatch Instruction to ERCOT in accordance with Section 6.5.7.9, Compliance with Dispatch Instructions.

(3) If ERCOT believes that a Resource has inadequately responded to a Dispatch Instruction, ERCOT shall notify the QSE representing the Resource as soon as practicable.

(4) The recipient of a Verbal Dispatch Instruction (VDI) shall confirm the Dispatch Instruction by providing the receiving operator's identification and by repeating the VDI to ERCOT orally.

(5) The recipient of an electronic Dispatch Instruction shall acknowledge receipt of the Dispatch Instruction to ERCOT electronically, within one minute. The electronic acknowledgement must include the receiving operator's identification.

(6) The recipient of any Dispatch Instruction shall immediately request clarification of the Dispatch Instruction if the recipient fails to understand its responsibility under the Dispatch Instruction.

(7) ERCOT shall record all voice conversations that occur in the communication of Dispatch Instructions.

(8) ERCOT shall record and file all electronic Dispatch Instructions and acknowledgements as soon as practicable after the issuance of the Dispatch Instruction.

(9) By mutual agreement of the TSP and ERCOT, Dispatch Instructions to the TSP may be provided to the TSP's designated agent. In that case, issuance of the Dispatch Instruction to the designated agent is considered issuance to the TSP, and the TSP must comply with the Dispatch Instruction exactly as if it had been issued directly to the TSP, whether or not the designated agent accurately conveys the Dispatch Instruction to the TSP.

(10) ERCOT shall direct VDIs to the Master QSE of a Generation Resource that has been split to function as two or more Split Generation Resources as deemed necessary by ERCOT to effectuate actions for the total Generation Resource for instances in which electronic Dispatch Instructions are not feasible.

6.5.7.9 Compliance with Dispatch Instructions

(1) Except as otherwise specified in this Section, each TSP and each QSE shall comply fully and promptly with a Dispatch Instruction issued to it, unless in the sole and reasonable judgment of the TSP or QSE, such compliance would create an undue threat to safety, undue risk of bodily harm or undue damage to equipment, or the Dispatch Instruction is otherwise not in compliance with these Protocols.

(2) If the recipient of a Dispatch Instruction does not comply because in the sole and reasonable judgment of the TSP or QSE, such compliance would create an undue threat to safety, undue risk of bodily harm, or undue damage to equipment, then the TSP or QSE must immediately notify ERCOT and provide the reason for non-compliance.

(3) If the recipient of a Dispatch Instruction recognizes that the Dispatch Instruction conflicts with other valid instructions or is invalid, the recipient shall immediately notify ERCOT of the conflict and request resolution. ERCOT shall resolve the conflict by issuing another Dispatch Instruction.

(4) ERCOT's final Dispatch Instruction to a QSE in effect applies for all Protocol-related processes. If the QSE does not comply after receiving the final Dispatch Instruction, the QSE remains liable for failure to meet its obligations under the Protocols and remains liable for any charges resulting from such failure.

(5) ERCOT's final Dispatch Instruction to a TSP in effect applies for all Protocol-related processes. If the TSP does not comply after receiving the final Dispatch Instruction, the TSP remains liable for such failure under these Protocols under the TSP's Agreement with ERCOT.

(6) In all cases in which compliance with a Dispatch Instruction is disputed, both ERCOT and the QSE or TSP shall document their communications, agreements, disagreements, and reasons for their actions, to enable resolution of the dispute through the Alternative Dispute Resolution (ADR) process in Section 20, Alternative Dispute Resolution Procedure.

(7) An Intermittent Renewable Resource (IRR) must comply with Dispatch Instructions when receiving a flag signifying that the IRR has received a Base Point below the HDL used by SCED.

6.5.7.10 WGR Ramp Rate Limitations

(1) Each WGR that is part of a Standard Generation Interconnection Agreement (SGIA) signed on or after January 1, 2009 shall limit its ramp rate to 20% per minute of its nameplate rating (MWs) as registered with ERCOT when responding to or released from an ERCOT deployment.

(2) The requirement of paragraph (1) above does not apply during a Force Majeure Event or during intervals in which a decremental deployment instruction coincides with a demonstrated decrease in the available WGR.

(3) Each WGR that is part of an SGIA signed on or before December 31, 2008 and that controls power output by means other than turbine stoppage shall limit its ramp rate to 20% per minute of its nameplate rating (MWs) as registered with ERCOT when responding to or released from an ERCOT deployment.

(4) The requirement of paragraph (3) above does not apply during a Force Majeure Event, during intervals in which a decremental deployment instruction coincides with a demonstrated decrease in the available WGR, or during unit start up and shut down mode.

(5) The ramp rate requirement of paragraph (3) above shall not apply to a WGR during a limited compliance transition period if the WGR:

(a) Meets the technical specifications of paragraph (3) above but does not comply with the ramp rate requirement; and

(b) Submitted a compliance plan to ERCOT on or before June 1, 2009 that details the technical limitations leading to non-compliance, a work plan to achieve compliance by a reasonable date, and a ramp rate mitigation plan describing the WGR's best efforts to adhere to the WGR ramp rate limitation during the applicable compliance transition period.

(6) The ramp rate requirement of paragraph (3) above shall not apply to a WGR that:

(a) Does not meet the technical specifications of paragraph (3) above; and

(b) Submitted an operations plan to ERCOT on or before June 1, 2009 describing the WGR's best efforts to adhere to the WGR ramp rate limitation.

(7) WGRs subject to the ramp rate limitations of paragraphs (1) and (3) above are exempt from the requirements of the applicable paragraph upon receipt of a valid Dispatch Instruction from ERCOT to exceed the applicable ramp rate limitation when necessary to protect ERCOT System reliability.

(8) WGRs that operate under an SPS are exempt from the ramp rate limitations of paragraphs (1) and (3) above when decreasing unit output to avoid SPS activation.

(9) WGRs that meet the requirements of paragraphs (1) and (3) above are compliant with the ramp rate limitation requirements when the number of eligible one-minute intervals with an average ramp rate of 25% or less of nameplate capacity is equal to or greater than 90% of the eligible one-minute intervals in any one of three consecutive months. Intervals where paragraphs (2), (4), (7) or (8) above apply shall be excluded as eligible intervals for this performance metric. ERCOT shall initiate a review process with the WGR where the WGR's score is less than 90%.

6.5.8 Verbal Dispatch Instructions

A VDI must contain the following information:

(a) Identification of the responsible Entity and instructing authority (to include ERCOT Operator's and receiving operator's names);

(b) Specific Resources or TSP facilities that are the subject of the Dispatch Instruction;

(c) Specific action required;

(d) Current operating level or state of the Resources or TSP facilities that are the subject of the Dispatch Instruction;

(e) Operating level or state to which such Resources or facilities will be dispatched;

(f) Time of notification of the Dispatch Instruction;

(g) Time at which the QSE or TSP is required to initiate the Dispatch Instruction;

(h) Time within which the QSE or TSP is required to complete the Dispatch Instruction;

(i) VDI reference number; and

(j) Other information relevant to that Dispatch Instruction.

6.5.9 Emergency Operations

(1) ERCOT, based on ERCOT System reliability needs, may issue a Dispatch Instruction requiring a Resource to move to a specific output level ("Emergency Base Point").

(2) A QF may only be ordered Off-Line in the case of an ERCOT-declared Emergency Condition with imminent threat to the reliability of the ERCOT System. ERCOT may only Dispatch a QF below its LSL when ERCOT has declared an Emergency Condition and the QF is the only Resource that can provide the necessary relief.

(3) ERCOT shall honor all Resource operating parameters in Dispatch Instructions under normal conditions and Emergency Conditions. During Emergency Conditions, ERCOT may verbally request QSEs to operate its Resources outside normal operating parameters. If such request is received by a QSE, the QSE shall discuss the request with ERCOT in good faith and may choose to comply with the request.

(4) A QSE may not self-arrange for Ancillary Services procured in response to Emergency Conditions.

6.5.9.1 Emergency and Short Supply Operation

(1) ERCOT, as the single CAO, is responsible for maintaining reliability in normal and emergency operating conditions. The Operating Guides are intended to ensure that minimum standards for reliability are maintained. Minimum standards for reliability are defined by the Operating Guides and the NERC Reliability Standards and include, but are not limited to:

(a) Minimum operating reserve levels;

(b) Criteria for determining acceptable operation of the frequency control system;

(c) Criteria for determining and maintaining system voltages within acceptable limits;

(d) Criteria for maximum acceptable transmission equipment loading levels; and

(e) Criteria for determining when ERCOT is subject to unacceptable risk of widespread cascading Outages.

(2) ERCOT shall, to the fullest extent practicable, utilize the Day-Ahead process, the Adjustment Period process, and the Real-Time process before ordering Resources to specific output levels with Emergency Base Point instructions. It is anticipated that, with effective and timely communication, the market-based tools available to ERCOT will avert most threats to the reliability of the ERCOT System. However, these Protocols do not preclude ERCOT from taking any action to preserve the integrity of the ERCOT System.

6.5.9.2 Failure of the SCED Process

(1) When the SCED process is not able to reach a solution, ERCOT shall declare an Emergency Condition.

(2) For intervals that the SCED process fails to reach a solution, then the LMPs for the interval for which no solution was reached are equal to the LMPs in the most recently solved interval. For Settlement Intervals that the Real-Time Settlement Point Prices are identified as erroneous and ERCOT sets the SCED intervals as failed in accordance with paragraph (3)(b) of Section 6.3, Adjustment Period and Real-Time Operations Timeline, then the LMPs for the failed SCED intervals are equal to the LMPs in the most recently solved SCED interval that is not set as failed. ERCOT shall notify the market of the failure by posting on the MIS Public Area.

(3) Once ERCOT declares an Emergency Condition for a SCED process failure, ERCOT may use any of the following measures:

(a) ERCOT may direct the SCED process to relax the active transmission constraints and/or the HASLs and LASLs for specific Resources and resume calculation of LMPs by reducing the Ancillary Service Schedules for the affected Resource, if sufficient supply exists to manage total system needs. LMPs calculated for the affected interval must be used for Settlement;

(b) ERCOT may issue Emergency Base Points for Resources;

(c) ERCOT may manually issue Emergency Base Points for a Resource and must communicate the Resource name, MW output requested, and start time and duration of the Dispatch Instruction to the QSE representing the Resource;

(d) ERCOT may issue an instruction to hold the previous interval; and

(e) A QF, a hydro Generation Resource, or a nuclear-powered Resource may be instructed by ERCOT to operate below its LSL only after all other Resource options have been exhausted.

(4) The Emergency Condition continues until the SCED process can reach a solution without using the measures in paragraph (3) above.

6.5.9.3 Communication under Emergency Conditions

(1) Effective, accurate, and timely communication between ERCOT, TSPs, and QSEs is essential. Each QSE must be provided adequate information to make informed decisions and must receive the information with sufficient advance notice to facilitate Resource and Load responses.

(2) The type of communication ERCOT issues is determined primarily on the basis of the time available for the market to respond before an Emergency Condition occurs. The timing of these communications could range from days in advance to immediate. If there is insufficient time to allow the market to react, ERCOT may bypass one or more of the communication steps.

(3) ERCOT shall consider the severity of the potential Emergency Condition as it determines which of the communications set forth in Section 6.5.9.1, Emergency and Short Supply Operation, to use. The severity of the Emergency Condition could be limited to an isolated local area, or the condition might cover large areas affecting several entities, or the condition might be an ERCOT-wide condition potentially affecting the entire ERCOT System.

(4) The following Sections describe the types of communications that will be issued by ERCOT to inform all QSEs and TSPs of the operating situation. These communications may relate to transmission, distribution, or Generation or Load Resources. The communications must specify the severity of the situation, the area affected, the areas potentially affected, and the anticipated duration of the Emergency Condition.

6.5.9.3.1 Operating Condition Notice

(1) ERCOT will issue an Operating Condition Notice (OCN) to inform all QSEs of a possible future need for more Resources due to conditions that could affect ERCOT System reliability. OCNs are for informational purposes only, and ERCOT exercises no additional operational authority with the issuance of this type of notice, but may solicit additional information from QSEs in order to determine whether the issuance of an Advisory, Watch, or Emergency Notice is warranted. The OCN is the first of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition.

(2) When time permits, ERCOT will issue an OCN before issuing an Advisory, Watch, or Emergency Notice. However, issuance of an OCN may not require action on the part of any Market Participant, but rather serves as a reminder to QSEs and TSPs that some attention to the changing conditions may be warranted. OCNs serve to communicate to QSEs the need to take extra precautions to be prepared to serve the Load during times when contingencies are most likely to arise.

(3) Reasons for OCNs include unplanned transmission Outages, and weather-related concerns such as anticipated freezing temperatures, hurricanes, wet weather, and ice storms.

(4) ERCOT will monitor actual and forecasted weather for the ERCOT Region and adjacent NERC regions. When adverse weather conditions are expected, ERCOT may confer with TSPs and QSEs regarding the potential for adverse reliability impacts and contingency preparedness. Based on its assessment of the potential for adverse conditions, ERCOT may require information from QSEs representing Resources regarding the Resources' fuel capabilities. Requests for this type of information shall be for a time period of no more than seven days from the date of the request. The specific information that may be requested shall be defined in the Operating Guides. QSEs representing Resources shall provide the requested information in a timely manner, as defined by ERCOT at the time of the request.

(5) QSEs and TSPs are expected to establish and maintain internal procedures for monitoring actual and forecasted weather and for implementing appropriate measures when the potential for adverse weather or other conditions (which could threaten ERCOT System reliability) arise.

6.5.9.3.2 Advisory

(1) An Advisory is the second of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition.

(2) ERCOT shall issue an Advisory for the following reasons:

(a) When it recognizes that conditions are developing or have changed and more Ancillary Services will be needed to maintain current or near-term operating reliability;

(b) When weather or ERCOT System conditions require more lead-time than the normal Day-Ahead Market (DAM) allows;

(c) When communications or other controls are significantly limited; or

(d) When ERCOT Transmission Grid conditions are such that operations within first contingency criteria as defined in the Operating Guides are not likely or possible because of Forced Outages or other conditions.

(3) The Advisory must communicate existing constraints. ERCOT shall notify TSPs and QSEs of the Advisory, and QSEs shall notify appropriate Resources and Load Serving Entities (LSEs). ERCOT shall communicate with TSPs as needed to confirm their understanding of the condition and to determine the availability of Transmission Facilities. For the purposes of verifying submitted information, ERCOT may communicate with QSEs.

(4) Although an Advisory is for information purposes, ERCOT may exercise its authority, in such circumstances, to increase Ancillary Service requirements above the quantities originally specified in the Day-Ahead in accordance with procedures. ERCOT may require information from QSEs representing Resources regarding the Resources' fuel

capabilities. Requests for this type of information shall be for a time period of no more than seven days from the date of the request. The specific information that may be requested shall be defined in the Operating Guide. QSEs representing Resources shall provide the requested information in a timely manner, as defined by ERCOT at the time of the request.

6.5.9.3.3 Watch

(1) A Watch is the third of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition.

(2) ERCOT shall issue a Watch when ERCOT determines that:

(a) Conditions have developed such that additional Ancillary Services are needed in the current Operating Period;

(b) There are insufficient Ancillary Services or Energy Offers. in the DAM or in a Supplemental Ancillary Services Market (SASM);

(c) Market-based congestion management techniques embedded in SCED as specified in these Protocols will not be adequate to resolve transmission security violations; or

(d) Forced Outages or other abnormal operating conditions have occurred, or may occur that require operations with active transmission security violations.

(3) With the issuance of a Watch pursuant to paragraph (2)(a) above, ERCOT may exercise its authority to immediately procure the following services from existing offers:

(a) Regulation Services;

(b) RRS services; and

(c) Non-Spin services.

(4) If the actions in paragraph (3) above do not relieve the insufficiency described in paragraph (2)(a) above, then ERCOT may issue Dispatch Instructions to Resources certified to provide the insufficient service, even though there is not an existing Ancillary Service Offer for that Resource.

(5) If ERCOT issues a Watch because insufficient Ancillary Service Offers were received in the DAM, and if the Watch does not result in sufficient offer and the DAM is executed with insufficient offers, then ERCOT shall acquire the insufficient amount of Ancillary Services in the Day-Ahead Reliability Unit Commitment (DRUC) and shall issue Dispatch Instructions to the QSEs for Resources that were Reliability Unit Commitment (RUC)-committed to provide Ancillary Services, informing them of the requirement that the Resources be prepared to provide those Ancillary Services.

(6) If ERCOT issues a Watch because insufficient Ancillary Service Offers were received in a SASM, and if the Watch does not result in sufficient offer and the SASM is executed with insufficient offers, then ERCOT shall acquire the insufficient amount of Ancillary Services in the next Hourly Reliability Unit Commitment (HRUC) and shall issue Dispatch Instructions to the QSEs for Resources that were RUC-committed to provide Ancillary Services, informing them of the requirement that the Resources be prepared to provide those Ancillary Services.

(7) ERCOT shall post the Watch message electronically to the MIS Public Area and shall provide verbal notice to all TSPs and QSEs via the Hotline. Corrective actions identified by ERCOT must be communicated through Dispatch Instructions to all TSPs, DSPs and QSEs required to implement the corrective action. Each QSE shall immediately notify the Market Participants that it represents of the Watch. To minimize the effects on the ERCOT System, each TSP or DSP shall identify and prepare to implement actions, including restoration of transmission lines as appropriate and preparing for Load shedding. ERCOT may instruct TSPs or DSPs to reconfigure ERCOT System elements as necessary to improve the reliability of the ERCOT System. On notice of a Watch, each QSE, TSP, and DSP shall prepare for an emergency in case conditions worsen. ERCOT may require information from QSEs representing Resources regarding the Resources' fuel capabilities. Requests for this type of information shall be for a time period of no more than seven days from the date of the request. The specific information that may be requested shall be defined in the Operating Guides. QSEs representing Resources shall provide the requested information in a timely manner, as defined by ERCOT at the time of the request.

6.5.9.3.4 Emergency Notice

(1) Emergency Notice is the fourth of four possible levels of communication issued by ERCOT in anticipation of a possible Emergency Condition.

(2) ERCOT shall issue an Emergency Notice only for one or more of the following reasons:

(a) ERCOT cannot maintain minimum reliability standards (for reasons including fuel shortages) during the Operating Period using every Resource practicably obtainable from the market;

(b) ERCOT is in an unreliable condition, as defined below;

(c) Immediate action must be taken to avoid or relieve an overloaded Transmission Element;

(d) ERCOT varies from timing requirements or omits one or more Day-Ahead or Adjustment Period and Real-Time procedures;

(e) ERCOT varies from timing requirements or omits one or more scheduling procedures in the Real-Time process; or

(f) The SCED process fails to reach a solution, whether or not ERCOT is using one or both of the measures specified in paragraph (3) of Section 6.5.9.2, Failure of the SCED Process.

(3) The actions ERCOT takes during an Emergency Condition depend on the nature and severity of the situation.

(4) ERCOT is considered to be in an unreliable condition whenever ERCOT Transmission Grid status is such that the most severe single-contingency event presents the threat of uncontrolled separation or cascading Outages and/or large-scale service disruption to Load (other than Load being served from a radial transmission line) and/or overload of a critical Transmission Element, and no timely solution is obtainable through market processes.

(5) If the Emergency Condition is the result of a transmission problem that puts the ERCOT System in an unreliable condition, then ERCOT shall act immediately to return the ERCOT System to a reliable condition, including instructing Resources to change output, curtailing DC Tie Load and instructing TSPs or DSPs to drop Load.

(6) If the Emergency Condition is the result of an Ancillary Service insufficiency, then ERCOT shall follow the EEA procedures.

6.5.9.4 Energy Emergency Alert

(1) At times it may be necessary to reduce ERCOT System Demand because of a temporary decrease in available electricity supply. To provide orderly, predetermined procedures for curtailing Demand during such emergencies, ERCOT shall initiate and coordinate the implementation of the EEA following the steps set forth below in Section 6.5.9.4.2, EEA Levels.

(2) The goal of the EEA is to provide for maximum possible continuity of service while maintaining the integrity of the ERCOT System to reduce the chance of cascading Outages.

(3) ERCOT's operating procedures must meet the following goals:

(a) Use of market processes to the fullest extent practicable without jeopardizing the reliability of the ERCOT System;

(b) Use of RRS, other Ancillary Services, and Emergency Response Service (ERS) to the extent permitted by ERCOT System conditions;

(c) Maximum use of ERCOT System capability;

(d) Maintenance of station service for nuclear-powered Generation Resources;

(e) Securing startup power for Generation Resources;

(f) Operation of Generation Resources during loss of communication with ERCOT; and

(g) Restoration of service to Loads in the manner defined in the Operating Guides.

(4) ERCOT is responsible for coordinating with QSEs, TSPs, and DSPs to monitor ERCOT System conditions, initiating the EEA levels, notifying all QSEs, and coordinating the implementation of the EEA levels while maintaining transmission security limits.

(5) ERCOT, at management's discretion, may at any time issue an ERCOT-wide appeal through the public news media for voluntary energy conservation.

(6) During the EEA, ERCOT has the authority to obtain energy from non-ERCOT Control Areas using the DC Ties or by using Block Load Transfers (BLTs) to move load to non-ERCOT Control Areas. ERCOT maintains the authority to curtail energy schedules flowing into or out of the ERCOT System across the DC Ties in accordance with NERC scheduling guidelines.

(7) Some of the EEA steps are not applicable if transmission security violations exist. There may be insufficient time to implement all EEA levels in sequence, however, to the extent practicable, ERCOT shall use Ancillary Services that QSEs have made available in the market to maintain or restore reliability.

(8) ERCOT may immediately implement EEA Level 3 any time the steady-state system frequency is below 59.8 Hz and shall immediately implement EEA Level 3 any time the steady-state frequency is below 59.5 Hz.

(9) Percentages for EEA Level 3 Load shedding will be based on the previous year's TSP peak Loads, as reported to ERCOT, and must be reviewed by ERCOT and modified annually as required.

6.5.9.4.1 General Procedures Prior to EEA Operations

Prior to declaring EEA Level 1 detailed in Section 6.5.9.4.2, EEA Levels, ERCOT may perform the following operations consistent with Good Utility Practice:

(a) Provide Dispatch Instructions to QSEs for specific Resources to operate at an Emergency Base Point to maximize Resource deployment so as to increase Responsive Reserve levels on other Resources;

(b) Commit specific available Resources as necessary that can respond in the timeframe of the emergency. Such commitments will be settled using the HRUC process;

(c) Start RMR Units available in the time frame of the emergency. RMR Units should be loaded to full capability;

(d) Utilize available Resources providing Non-Spin services as required; and

(e) ERCOT shall use the PRC to determine the appropriate emergency Notification and EEA levels.

6.5.9.4.2 EEA Levels

(1) EEA Level 1 - Maintain a total of 2,300 MW of PRC (Section 6.5.7.5, Ancillary Services Capacity Monitor).

(a) ERCOT shall:

(i) Notify the Southwest Power Pool Reliability Coordinator;

(ii) Request available Generation Resources that can perform within the expected timeframe of the emergency to come On-Line by initiating manual HRUC or through Dispatch Instruction;

(iii) Use available DC Tie import capacity not already being used; and

(iv) Issue a Dispatch Instruction for Resources to remain On-Line which, before start of emergency, were scheduled to come Off-Line.

(b) QSEs shall:

(i) Ensure COPs and telemetered HSLs are updated and reflect all Resource delays and limitations; and

(ii) Suspend any ongoing ERCOT required Resource performing testing.

(2) EEA Level 2 - Maintain system frequency at 60 Hz or maintain a total of 1,750 MW of PRC.

(a) In addition to the measures associated with EEA Level 1, ERCOT shall take the following steps:

(i) Instruct TSPs and DSPs or their agents to reduce Customers' Load by using distribution voltage reduction measures, if deemed beneficial by the TSP, DSP, or their agents;

(ii) Instruct QSEs to deploy available contracted ERS Resources and/or deploy RRS supplied from Load Resources (controlled by high-set under-frequency relays). ERCOT may deploy ERS or RRS without deploying the other, and may deploy both services simultaneously or separately, and in any order. ERCOT shall issue such Dispatch Instructions in accordance with the deployment methodologies described in paragraphs (iii) and (iv) below.

(iii) ERCOT shall deploy ERS via an XML message followed by a VDI to the all-QSE Hotline. The VDI shall represent the official start of the ten-minute ERS ramp period.

(A) If less than 500 MW of ERS is available for deployment, ERCOT shall deploy all ERS Resources as a single block.

(B) If the amount of ERS available for deployment equals or exceeds 500 MW, ERCOT, at its discretion, may deploy ERS Resources as a single block or by group designation. ERCOT shall develop a random selection methodology for determining how to place ERS Resources into groups, and shall describe the methodology in a document posted to the MIS Public Area. Prior to the start of an ERS Contract Period, ERCOT shall notify QSEs representing ERS Resources of their ERS Resources' group assignments.

(C) ERS may be deployed at any time in a Settlement Interval.

(D) Upon deployment, QSEs shall instruct ERS Resources to perform at contracted levels consistent with the criteria described in Section 8.1.3.1.4, Event Performance Criteria for Emergency Response Service Resources, until ERCOT releases the ERS deployment.

(E) ERCOT shall notify QSEs of the release of ERS via an XML message followed by VDI to the all-QSE Hotline. The VDI shall represent the official notice of ERS release.

(F) Upon release, an ERS Resource shall return to a condition such that it is capable of meeting its ERS performance requirements as soon as practical, but no later than ten hours following the release.

(G) Unless a media appeal is already in effect, ERCOT shall issue an appeal through the public news media for voluntary energy conservation.

(H) With the approval of the affected non-ERCOT Control Area, TSPs, DSPs, or their agents may implement BLTs, which transfer Load from the ERCOT Control Area to non-ERCOT Control Areas in accordance with BLTs as defined in the Operating Guides.

(iv) ERCOT shall deploy RRS capacity supplied by Load Resources (controlled by high-set under-frequency relays) in accordance with the following:

(A) Instruct QSEs to deploy half of the RRS that is supplied from Load Resources (controlled by high-set under-frequency relays) by instructing the QSE representing the specific Load Resource to interrupt Group 1 Load Resources providing Responsive Reserve.

QSEs shall deploy Load Resources according to the group designation and will be given some discretion to deploy additional Load Resources from Group 2 if Load Resource operational considerations require such. ERCOT shall issue notification of the deployment via XML message. ERCOT shall follow this XML notification with a Hotline VDI, which shall initiate the ten-minute deployment period;

(B) At the discretion of the ERCOT Operator, instruct QSEs to deploy the remaining Responsive Reserve that is supplied from Load Resources (controlled by high-set under-frequency relays) by instructing the QSE representing the specific Load Resource to interrupt Group 2 Load Resources providing Responsive Reserve. ERCOT shall issue notification of the deployment via XML message. ERCOT shall follow this XML notification with a Hotline VDI, which shall initiate the ten-minute deployment period;

(C) The ERCOT Operator may deploy both of the groups of Load Resources providing Responsive Reserves at the same time. ERCOT shall issue notification of the deployment via XML message. ERCOT shall follow this XML notification with a Hotline VDI, which shall initiate the ten-minute deployment period; and

(D) ERCOT shall post a list of Load Resources on the MIS Certified Area immediately following the DRUC for each QSE with a Load Resource obligation which may be deployed to interrupt under paragraph (A), Group 1 and paragraph (B), Group 2. ERCOT shall develop a process for determining which individual Load Resource to place in Group 1 and which to place in Group 2. ERCOT procedures shall select Group 1 and Group 2 based on a random sampling of individual Load Resources. At ERCOT's discretion, ERCOT may deploy all Load Resources at any given time during EEA Level 2.

(b) Confidentiality requirements regarding transmission operations and system capacity information will be lifted, as needed to restore reliability.

(3) EEA Level 3 - Maintain system frequency at 59.8 Hz or greater.

(a) In addition to measures associated with EEA Levels 1 and 2, ERCOT will direct all TSPs and DSPs or their agents to shed firm Load, in 100 MW blocks, as documented in the Operating Guides in order to maintain a steady state system frequency of 59.8 Hz.

(b) In addition to measures associated with EEA Levels 1 and 2, TSPs and DSPs or their agents will keep in mind the need to protect the safety and health of the

community and the essential human needs of the citizens. Whenever possible, TSPs and DSPs or their agents shall not manually drop Load connected to under-frequency relays during the implementation of the EEA.

6.5.9.4.3 Restoration of Market Operations

ERCOT shall continue the EEA until sufficient offers are received and deployed by ERCOT to eliminate the conditions requiring the EEA and normal SCED operations are restored. After restoring RRS, ERCOT shall release ERS Resources and then restore curtailed DC Tie Load. Intermittent solutions of SCED do not set new LMPs until ERCOT declares that the EEA is no longer needed.

6.5.9.5 Block Load Transfers between ERCOT and Non-ERCOT Control Areas

BLTs are procedures that transfer Loads normally located in the ERCOT Control Area to a non-ERCOT Control Area. Similarly, when a non-ERCOT Control Area experiences certain transmission contingencies or short-supply conditions, ERCOT may agree to the implementation of BLT procedures that transfer Loads normally located in a non-ERCOT Control Area to the ERCOT Control Area. BLTs are restricted to the following conditions:

(a) BLTs shall occur only with approval from ERCOT for Planned or Forced Outages, unless a governmental order is issued requiring the BLT.

(i) BLTs shall be registered with ERCOT. Such registration shall be subject to ERCOT approval.

(ii) For all BLTs, the TSP in the ERCOT Control Area responsible for implementing the BLT shall coordinate with ERCOT in the implementation and execution of BLTs to ensure the reliability of the ERCOT System is not jeopardized and to ensure sufficient generation capacity is available prior to serving additional Load.

(b) BLTs that are comprised of looped systems may be tied to the non-ERCOT Control Area's electrical system(s) through multiple interconnection points at the same time. Transfers of looped configurations are permitted only if all interconnection points are registered and netted under a single Electric Service Identifier (ESI ID) and represented by a singled TSP or DSP or netted behind the Non-Opt-In Entity (NOIE) metering points.

(c) BLTs of Load to the ERCOT Control Area are:

(i) Treated as non-competitive wholesale Load in the Load Zone containing the ERCOT breaker or switch that initiated the BLT;

(ii) Registered in accordance with Section 6.5.9.5.1, Registration and Posting of BLT Points, by the TSP in the ERCOT Control Area responsible for implementing the BLT;

(iii) Responsible for Unaccounted For Energy (UFE) allocations and Transmission Losses consistent with similarly situated NOIE metering points; and

(iv) Permitted only if the BLT will not jeopardize the reliability of the ERCOT System. Under an Emergency Notice, BLTs that have been implemented may be curtailed or terminated by ERCOT to maintain the reliability of the ERCOT System.

(d) BLTs of Load from the ERCOT Control Area are:

(i) Treated as Resources in the ERCOT Settlement system and may only be instructed with the permission of the affected non-ERCOT Control Area. Under an Emergency Condition, BLTs that have been implemented may be curtailed or terminated by the non-ERCOT Control Area to maintain the reliability of the non-ERCOT system;

(ii) Registered in accordance with Section 6.5.9.5.1 by the TSP in the ERCOT Control Area responsible for implementing the BLT; and

(iii) Permitted only if the BLT will not jeopardize the reliability of the ERCOT System.

(e) BLTs specifically exclude transfers of Load between ERCOT and non-ERCOT Control Areas that occur behind a retail Settlement Meter.

(f) BLTs may be used in the restoration of service to Customers if the transfers will not jeopardize the reliability of the ERCOT System.

(g) BLT metering points connected to the ERCOT Transmission Grid and registered according to Section 6.5.9.5.1 and used five or more times per year, as monitored by the TSP, must conform to ERCOT-Polled Settlement (EPS) Metering requirements as defined in Section 10, Metering, and the Settlement Metering Operating Guide. All other BLT metering points must be revenue quality, four channel bi-directional kWh/kVArh, 15-minute Interval Data Recorder (IDR) metering with remote interrogation. ERCOT may impose additional metering requirements it considers necessary to ensure ERCOT System reliability and integrity.

(h) SCADA telemetry on switching devices at BLT points that are deemed necessary by ERCOT to be modeled in the Network Operations Model must be provided by the TSP registering the BLT.

6.5.9.5.1 Registration and Posting of BLT Points

(1) The necessary Market Participant registration, agreements, metering, and ERCOT Settlement systems, as applicable, must be in place before implementation of any BLT. At its sole discretion, ERCOT may exclude a BLT of ten MW or less from the Network Operations Model and associated telemetry requirements.

(2) ERCOT may require any size of BLT that has been deployed in accordance with Section 6.5.9.5.2, Scheduling and Operation of BLTs, to be in the Network Operations Model with required telemetry if ERCOT determines it is warranted due to the length of time deployed.

(3) BLTs that transfer Load from the ERCOT Control Area to a non-ERCOT Control Area are treated as a Resource by ERCOT and assigned a Resource ID unless otherwise specified by a NOIE during registration. The ERCOT Control Area TSP or DSP associated with the BLT Point has the responsibility for registering the BLT and the creation and maintenance of BLT Resource IDs for Settlement purposes. For BLTs occurring on NOIE TSP or DSP systems, the NOIE may designate NOIE metering point(s), a Resource Entity, and a QSE for Settlement purposes. For BLTs occurring on TSP or DSP systems open to Customer Choice, the non-ERCOT Control Area Entity receiving the transferred Load shall designate a registered Resource Entity and acknowledge a QSE for Settlement purposes in accordance with Section 16.5, Registration of a Resource Entity. The ERCOT Control Area TSP or DSP must complete the applicable BLT registration form. This BLT registration form along with the metering design and data documentation is the basis for establishing the ERCOT data model of the BLT and associated metering points for Settlement as applicable.

(4) BLTs that transfer Load from a non-ERCOT Control Area to the ERCOT Control Area are treated as a non-competitive wholesale Load by ERCOT and assigned an ESI ID unless otherwise specified by a NOIE during registration. The ERCOT Control Area TSP or DSP associated with the BLT Point has the responsibility for registering the BLT and the creation and maintenance of BLT ESI IDs. Customers connected to the ERCOT System do not require an ESI ID separated from the assigned BLT ESI ID. The TSP or DSP that registers the BLT Point shall provide the ESI ID associated with the BLT to ERCOT. For BLTs occurring on NOIE TSP or DSP systems, the NOIE may designate NOIE metering point(s), an LSE, and a QSE for Settlement purposes. Load associated with NOIE BLTs that do not have an LSE or QSE for Settlement purposes will be reflected in the NOIE's 4-Coincident Peak (4-CP) calculation. For BLTs occurring on TSP or DSP systems open to Customer Choice, the non-ERCOT Control Area Entity shall designate a registered ERCOT LSE and acknowledge a QSE for Settlement purposes in accordance with Section 16.3, Registration of Load Serving Entities.

(5) A "BLT Point" is the metering point for a BLT Resource ID or for a BLT ESI ID.

(6) ERCOT shall post the registration details of all registered BLTs to the MIS Secure Area.

6.5.9.5.2 Scheduling and Operation of BLTs

(1) For BLTs that transfer Load to a non-ERCOT Control Area, a verbal instructed Base Point shall be issued to the QSE for Settlement purposes for any energy associated with BLTs modeled in the Network Operations Model and registered as a Resource in accordance with Section 6.5.9.5.1, Registration and Posting of BLT Points. ERCOT shall confirm the BLT's availability with the non-ERCOT Control Area before any BLT implementation. For BLTs that are deployed in an emergency and are not modeled in the Network Operations Model, the responsible TSP shall notify ERCOT as soon as practicable after deployment.

(2) Any energy associated with the non-ERCOT Control Area Load BLT Point is treated as a Load obligation of the QSE representing the LSE with the BLT ESI ID as registered for Settlement purposes in accordance with Section 6.5.9.5.1.

(3) Generation Resources connected to the portion of the ERCOT Transmission Grid included in the BLT are under no obligation, under these Protocols, to provide Ancillary Services or any other services to ERCOT while that portion of the ERCOT Transmission Grid is connected to a non-ERCOT system other than through a DC Tie.

(4) ERCOT shall continue to include the BLT Point Load in the Settlement of the LSE Load obligations.

6.5.9.6 Black Start

(1) Black Start Service (BSS) is obtained by ERCOT through Black Start Agreements with QSEs for Generation Resources capable of self-starting or Generation Resources within close proximity of a non-ERCOT Control Area that are capable of starting from that non-ERCOT Control Area under a firm standby power supply contract, without support from the ERCOT System, or transmission equipment in the ERCOT System. Generation Resources that can be started with a minimum of pre-coordinated switching operations using ERCOT transmission equipment within the ERCOT System may be considered for BSS only where switching may be accomplished within one hour or less.

(2) ERCOT may Dispatch BSS pursuant to an emergency restoration plan to begin restoration of the ERCOT System to a secure operating state after a Blackout. General restoration actions for all Market Participants are described in the Operating Guides. ERCOT shall post the restoration plan on the MIS Certified Area to impacted TSPs, DSPs, QSEs who represent Resources, and Resource Entities within 14 days of creation or update.

6.6 Settlement Calculations for the Real-Time Energy Operations

6.6.1 Real-Time Settlement Point Prices

(1) Real-Time energy Settlements use Real-Time Settlement Point Prices that are calculated for Resource Nodes, Load Zones, and Hubs. For each Security-Constrained Economic Dispatch (SCED) Locational Marginal Price (LMP) calculated at each Settlement Point in the SCED process, there shall be an administrative price floor of -$251/MWh. ERCOT shall assign an LMP to de-energized Electrical Buses for use in the calculation of the Real-Time Settlement Point Prices by using heuristic rules applied in the following order:

(a) Use an appropriate LMP predetermined by ERCOT as applicable to a specific Electrical Bus; or if not so specified

(b) Use the following rules in order:

(i) Use average LMP for Electrical Buses within the same station having the same voltage level as the de-energized Electrical Bus, if any exist.

(ii) Use average LMP for all Electrical Buses within the same station, if any exist.

(iii) Use system lambda.

[NPRR492: Replace item (iii) above with the following upon system implementation:]

(iii) Use System Lambda.

6.6.1.1 Real-Time Settlement Point Price for a Resource Node

(1) Except for a logical Resource Node for a Combined Cycle Train, the Real-Time Settlement Point Price for a Resource Node Settlement Point is the time-weighted average of the Real-Time LMPs. The Real-Time Settlement Point Price for a 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP} = \sum_{y} (\mathbf{RNWF}_y * \mathbf{RTLMP}_y)$$

Where the Resource Node weighting factor is:

$$\mathbf{RNWF}_y = \mathbf{TLMP}_y / \sum_{y} \mathbf{TLMP}_y$$

The above variables are defined as follows:

Variable	Unit	Description

RTSPP	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Settlement Point for the 15-minute Settlement Interval.
$RTLMP_y$	$/MWh	*Real-Time Locational Marginal Price per interval*—The Real-Time LMP at the Settlement Point for the SCED interval *y*.
$RNWF_y$	none	*Resource Node Weighting Factor per interval*—The weight used in the Resource Node Settlement Point Price calculation for the portion of the SCED interval *y* within the Settlement Interval.
$TLMP_y$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the Settlement Interval.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.

(2) The Real-Time Settlement Point Price at the logical Resource Node for the On-Line Combined Cycle Generation Resource shall be determined in accordance with paragraph (1) above using a Real-Time LMP calculated for the logical Resource Node in each SCED Interval as follows:

(a) The Real-Time LMP for the logical Resource Node for each SCED interval shall be the sum of the Real-Time LMP in each SCED interval at each of the Resource Nodes of the generation units registered in the On-Line (as determined by Real-Time telemetry) Combined Cycle Generation Resource times a weight factor determined as set forth in paragraph (b) below.

Where:

$$\mathbf{RTLMP} = \sum_{CCGR_PhyR} \mathbf{RTLMP}_{CCGR_PhyR} * \mathbf{RTCCGRWF}_{CCGR_PhyR}$$

The above variables are defined as follows:

Variable	Unit	Definition
RTLMP	$/MWh	*Real-Time Locational Marginal Price at a logical Resource Node for a Combined Cycle Train*—The Real-Time LMP at the Combined Cycle Generation Resource logical Resource Node for a SCED Interval.
$RTLMP_{CCGR_PhyR}$	$/MWh	*Real-Time Locational Marginal Price at a generation unit Resource Node registered to the Combined Cycle Generation Resource*—The Real-Time LMP at the Resource Node of an On-Line generation unit designated in a Combined Cycle Train registration for the Combine Cycle Generation Resource for each SCED interval.
$RTCCGRWF_{CCGR_PhyR}$	none	*Real-Time Combined Cycle Generation Resource Weighting Factor*—The Real Time Combined Cycle Generation Resource weighting factor for a generation unit designated in a Combined Cycle Train registration for the Combined Cycle Generation Resource.
CCGR_PhyR	none	A generation unit designated in a Combine Cycle Train registration for a Combined Cycle Generation Resource.

(b) The weight factor for each generation unit registered in a Combined Cycle Generation Resource shall be the Real-Time net power output telemetry in each SCED interval for each generation unit registered in the Combined Cycle Generation Resource divided by the total Real-Time net power output telemetry

for all of the generation units registered in the Combined Cycle Generation Resource.

Where:

$$\mathbf{RTCCGRWF}_{CCGR_PhyR} = \mathbf{TG}_{CCGR_PhyR} / \sum_{CCGR_PhyR} \mathbf{TG}_{CCGR_PhyR}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RTCCGRWF_{CCGR_PhyR}$	none	*Real-Time Combined Cycle Generation Resource Weighting Factor*—The Real Time Combined Cycle Generation Resource weighting factor for a generation unit designated in a Combined Cycle Train registration for the Combined Cycle Generation Resource.
TG_{CCGR_PhyR}	MW	*Telemetered Generation for a Combined Cycle Generation Resource generation unit*—The telemetered generation of a generation unit designated in a Combined Cycle Train registration for the Combined Cycle Generation Resource at the time of each SCED run.
CCGR_PhyR	none	A generation unit designated in a Combine Cycle Train registration for a Combined Cycle Generation Resource.

6.6.1.2 Real-Time Settlement Point Price for a Load Zone

The Real-Time Settlement Point Price for a Load Zone Settlement Point is based on the state-estimated Load in MW and the time-weighted average Real-Time LMPs at Electrical Buses that are included in the Load Zone. The Real-Time Settlement Point Price for a Load Zone Settlement Point for a 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTSPP} = \mathbf{(\sum_{y} TLMP_{y} * LZLMP_{y}) / \sum_{y} TLMP_{y}}$$

For all Load Zones except Direct Current Tie (DC Tie) Load Zones:

$$LZLMP_{y} = \sum_{b} (RTLMP_{b,y} * SEL_{b,y}) / \sum_{b} SEL_{b,y}$$

For a DC Tie Load Zone:

$$LZLMP_{y} = RTLMP_{b,y}$$

For all Settlement calculations in which a 15-minute Real-Time Settlement Point Price for a Load Zone is required in order to perform Settlement for a 15-minute quantity that is represented as one value (the integrated value for the 15-minute interval) but varies with each SCED interval within the 15-minute Settlement Interval, an energy-weighted Real-Time Settlement Point Price shall be used and is calculated as follows:

$$RTSPPEW = \sum_{y} \sum_{b} (RTLMP_{b,y} * LZWF_{b,y})$$

For all Load Zones except DC Tie Load Zones:

$$LZWF_{b,y} = (SEL_{b,y} * TLMP_{y}) / [\sum_{y} \sum_{b} (SEL_{b,y} * TLMP_{y})]$$

For a DC Tie Load Zone:

$$LZWF_{b,y} = (SEL_{b,y} * TLMP_{y}) / [\sum_{y} \sum_{b} (SEL_{b,y} * TLMP_{y})]$$

$$SEL_{b,y} = 1$$

The above variables are defined as follows:

Variable	Unit	Description
RTSPP	$/MWh	*Real-Time Settlement Point Price*—The Real-Time Settlement Point Price at the Settlement Point, for the 15-minute Settlement Interval.
RTSPPEW	$/MWh	*Real-Time Settlement Point Price Energy-Weighted*—The Real-Time Settlement Point Price at the Settlement Point *p*, for the 15-minute Settlement Interval that is weighted by the state-estimated Load of the Load Zone of each SCED interval within the 15-minute Settlement Interval.
$RTLMP_{b,y}$	$/MWh	*Real-Time Locational Marginal Price at bus per interval*—The Real-Time LMP at Electrical Bus *b* in the Load Zone, for the SCED interval *y*.
$LZWF_{b,y}$	none	*Load Zone Weighting Factor per bus per interval*—The weight used in the Load Zone Settlement Point Price calculation for Electrical Bus *b*, for the portion of the SCED interval *y* within the 15-minute Settlement Interval.
$LZLMP_{y}$	$/MWh	*Load Zone Locational Marginal Price*—The Load Zone LMP for the Load Zone for the SCED Interval *y*.
$SEL_{b,y}$	MW	*State Estimator Load at bus per interval*—The Load from State Estimator excluding Wholesale Storage Load (WSL) for Electrical Bus *b* in the Load Zone, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the Settlement Interval.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An Electrical Bus in the Load Zone. The summation is over all of the Electrical Buses in the Load Zone.

6.6.1.3 Real-Time Settlement Point Price for a Hub

The Real-Time SPP at a Hub is determined according to the methodology included in the definition of that Hub in Section 3.5.2, Hub Definitions.

6.6.1.4 Load Zone LMPs

The Load Zone LMPs shall be posted on the Market Information System (MIS) Public Area. The Load Zone LMP is based on the state-estimated Loads in MW and the Real-Time LMPs at the Electrical Buses included in the Load Zone. The Load Zone LMP for a Load Zone for a SCED Interval is calculated as follows:

$$\mathbf{LZLMP}_{y} = \sum_{b} \mathbf{(RTLMP}_{b,y} \mathbf{* LZWF}_{b,y}\mathbf{)}$$

For all Load Zones except DC Tie Load Zones:

$$\mathbf{LZWF}_{b,y} = \mathbf{SEL}_{b,y} \mathbf{/ (} \sum_{b} \mathbf{SEL}_{b,y}\mathbf{)}$$

For a DC Tie Load Zone:

$$\mathbf{LZWF}_{b,y} = \mathbf{[Max\ (0.001, SEL}_{b,y}\mathbf{)]\ /\ [Max\ (0.001, SEL}_{b,y}\mathbf{)]}$$

The above variables are defined as follows:

Variable	Unit	Description
$LZLMP_{y}$	$/MWh	*Load Zone Locational Marginal Price*—The Load Zone LMP for the Load Zone for the SCED Interval *y*.
$RTLMP_{b,y}$	$/MWh	*Real-Time Locational Marginal Price at bus per SCED interval*—The Real-Time LMP at Electrical Bus *b* in the Load Zone, for the SCED interval *y*.
$LZWF_{b,y}$	None	*Load Zone State Estimator Load Weighting Factor per bus per SCED interval*—The weight used in the Load Zone LMP calculation for Electrical Bus *b* for the SCED interval *y*.
$SEL_{b,y}$	MW	*State Estimator Load at bus per SCED interval*—The Load from the State Estimator for Electrical Bus *b* in the Load Zone, for the SCED interval *y*.
y	None	A SCED interval.
b	None	An Electrical Bus in the Load Zone. The summation is over all of the Electrical Buses in the Load Zone.

6.6.1.5 Hub LMPs

The Hub LMPs shall be posted on the MIS Public Area.

For each defined Hub except for the ERCOT Hub Average 345 kV Hub, the Hub LMP is the arithmetic average of the Real-Time LMPs of the Hub Buses included in the Hub. The Hub LMP for a SCED Interval is calculated as follows:

$$\mathbf{HUBLMP}_{Hub,y} = \sum_{hb} \mathbf{(HUBDF}_{hb,Hub} \mathbf{* RTHBP}_{hb,Hub,y}\mathbf{),\ if\ HB}_{Hub} \neq \mathbf{0}$$

$$\mathbf{HUBLMP}_{Hub,y} = \mathbf{HUBLMP}_{ERCOT345Bus}\mathbf{,\ if\ HB}_{Hub} = \mathbf{0}$$

Where:

$$RTHBP_{hb,Hub,y} = \sum_{b} (HBDF_{b,hb,Hub} * RTLMP_{b,hb,Hub,y})$$

$$HUBDF_{hb,Hub} = 1 / HB_{Hub}, \text{ if } HB_{Hub} \neq 0$$

$$HUBDF_{hb,Hub} = 0, \text{ if } HB_{Hub} = 0$$

$$HBDF_{b, hb, Hub} = 1 / B_{hb, Hub}, \text{ if } B_{hb, Hub} \neq 0$$

$$HBDF_{b, hb, Hub} = 0, \text{ if } B_{hb, Hub} = 0$$

The above variables are defined as follows:

Variable	Unit	Description
$HUBLMP_{Hub, y}$	$/MWh	*Hub Locational Marginal Price*—The Hub LMP for the Hub for the SCED Interval *y*.
$RTHBP_{hb, Hub, y}$	$/MWh	*Real-Time Hub Bus Price at Hub Bus per SCED interval*—The Real-Time energy price at Hub Bus *hb* for the SCED interval *y*.
$RTLMP_{b, hb, Hub, y}$	$/MWh	*Real-Time Locational Marginal Price at Electrical Bus of Hub Bus per interval*—The Real-Time LMP at Electrical Bus *b* that is a component of Hub Bus *hb*, for the SCED interval *y*.
$HUBDF_{hb, Hub}$	none	*Hub Distribution Factor per Hub Bus*—The distribution factor of Hub Bus *hb*.
$HBDF_{b, hb, Hub}$	none	*Hub Bus Distribution Factor per Electrical Bus of Hub Bus*—The distribution factor of Electrical Bus *b* that is a component of Hub Bus *hb*.
$B_{hb, Hub}$	none	The total number of energized Electrical Buses in Hub Bus *hb*.
HB_{Hub}	none	The total number of Hub Buses in the Hub with at least one energized component in each Hub Bus.
Hub	none	One of the following Hubs: ERCOT Bus Average 345 kV Hub, North 345 kV Hub, South 345 kV Hub, Houston 345 kV Hub, or the West 345 kV Hub
hb	none	A Hub Bus that is a component of the Hub.
y	none	A SCED interval.
b	none	An energized Electrical Bus that is a component of a Hub Bus.

The Hub LMP for the ERCOT Hub Average 345 kV Hub (ERCOT 345) for a SCED Interval is calculated as follows:

$$\mathbf{HUBLMP_{ERCOT345, y} = (HUBLMP_{NORTH345, y} + HUBLMP_{SOUTH345, y} + HUBLMP_{HOUSTON345, y} + HUBLMP_{WEST345, y}) / 4}$$

The above variables are defined as follows:

Variable	Unit	Description
$HUBLMP_{ERCOT345, y}$	$/MWh	*Hub Locational Marginal Price for the ERCOT345*—The Hub LMP for the ERCOT Hub Average 345 kV Hub (ERCOT 345), for the SCED Interval *y*.
$HUBLMP_{NORTH345, y}$	$/MWh	*Hub Locational Marginal Price for the NORTH345*—The Hub LMP for the North 345 kV Hub (NORTH 345), for the SCED Interval *y*.
$HUBLMP_{SOUTH345, y}$	$/MWh	*Hub Locational Marginal Price for the SOUTH345*—The Hub LMP for the South 345 kV Hub (SOUTH 345), for the SCED Interval *y*.
$HUBLMP_{HOUSTON345, y}$	$/MWh	*Hub Locational Marginal Price for the HOUSTON345*—The Hub LMP for the Houston 345 kV Hub (HOUSTON 345), for the SCED Interval *y*.
$HUBLMP_{WEST345, y}$	$/MWh	*Hub Locational Marginal Price for the WEST345*—The Hub LMP for the West 345 kV Hub (WEST 345), for the SCED Interval *y*.

6.6.2 Load Ratio Share

6.6.2.1 ERCOT Total Adjusted Metered Load

ERCOT total Adjusted Metered Load (excluding the DC Tie export associated with the Qualified Scheduling Entities (QSEs) under the "Oklaunion Exemption") for a 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTAMLTOT} = \sum_{q} \sum_{p} \mathbf{RTAML}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Description
RTAMLTOT	MWh	*Real-Time Adjusted Metered Load Total*—The total Adjusted Metered Load in ERCOT, for the 15-minute Settlement Interval.
$RTAML_{q,p}$	MWh	*Real-Time Adjusted Metered Load per QSE per Settlement Point*—The sum of the Adjusted Metered Load at the Electrical Buses that are included in Settlement Point *p*, represented by QSE *q*, for the 15-minute Settlement Interval.
q	none	A QSE. The summation is over all of the QSEs with metered readings in that interval.
p	none	A Settlement Point. The summation is over all of the Settlement Points.

6.6.2.2 QSE Load Ratio Share for a 15-Minute Settlement Interval

Each QSE's Load Ratio Share (LRS) for a 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LRS}_{q} = \left(\sum_{p} \mathbf{RTAML}_{q,p}\right) / \mathbf{RTAMLTOT}$$

The above variables are defined as follows:

Variable	Unit	Description
LRS_{q}	none	*Load Ratio Share per QSE*—The LRS as defined in Section 2, Definitions and Acronyms, for QSE *q*, for the 15-minute Settlement Interval.
$RTAML_{q,p}$	MWh	*Real-Time Adjusted Metered Load per Settlement Point per QSE*—The sum of the Adjusted Metered Load at the Electrical Buses that are included in Settlement Point *p*, represented by QSE *q*, for the 15-minute Settlement Interval.
RTAMLTOT	MWh	*Real-Time Adjusted Metered Load Total*—The total Adjusted Metered Load in ERCOT, for the 15-minute Settlement Interval.
p	none	A Settlement Point. The summation is over all of the Settlement Points.

6.6.2.3 QSE Load Ratio Share for an Operating Hour

Each QSE's LRS for an Operating Hour is calculated as follows:

$$\mathbf{HLRS}_{q} = \left(\sum_{i=1}^{4} \sum_{p} \mathbf{RTAML}_{q,p,i}\right) / \left(\sum_{i=1}^{4} \mathbf{RTAMLTOT}_{i}\right)$$

The above variables are defined as follows:

Variable	Unit	Description
$HLRS_{q}$	none	*Hourly Load Ratio Share per QSE*—The LRS as defined in Section 2, Definitions and Acronyms, for QSE *q*, for the hour.
$RTAML_{q, p, i}$	MWh	*Real-Time Adjusted Metered Load per Settlement Point per QSE by interval*—The sum of the Adjusted Metered Load at the Electrical Buses that are included in the Settlement Point *p*, represented by QSE *q* for the 15-minute Settlement Interval *i*.
$RTAMLTOT_{i}$	MWh	*Real-Time Adjusted Metered Load Total by interval*—The total Adjusted Metered Load in ERCOT, for the 15-minute Settlement Interval *i*.
p	none	A Settlement Point. The summation is over all of the Settlement Points.
i	none	A 15-minute Settlement Interval in the Operating Hour. The summation over all of the Settlement Intervals of the Operating Hour.

6.6.3 Real-Time Energy Charges and Payments

6.6.3.1 Real-Time Energy Imbalance Payment or Charge at a Resource Node

(1) The payment or charge to each QSE for Energy Imbalance Service is calculated based on the Real-Time Settlement Point Price for the following amounts at a particular Resource Node Settlement Point:

(a) The energy produced by all its Generation Resources or consumed as WSL at the Settlement Point; plus

(b) The amount of its Self-Schedules with sink specified at the Settlement Point; plus

(c) The amount of its Day-Ahead Market (DAM) Energy Bids cleared in the DAM at the Settlement Point; plus

(d) The amount of its Energy Trades at the Settlement Point where the QSE is the buyer; minus

(e) The amount of its Self-Schedules with source specified at the Settlement Point; minus

(f) The amount of its energy offers cleared in the DAM at the Settlement Point; minus

(g) The amount of its Energy Trades at the Settlement Point where the QSE is the seller.

(2) The payment or charge to each QSE for Energy Imbalance Service at a Resource Node Settlement Point for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMT}_{q,p} = \mathbf{(-1) * \{ \sum_{gsc} (\sum_{r} (GSPLITPER}_{q,r,gsc,p} \mathbf{* NMSAMTTOT}_{gsc}\mathbf{) + (\sum_{r} WSLAMTTOT}_{q,r,p}\mathbf{) + RTSPP}_{p} \mathbf{* [(SSSK}_{q,p} \mathbf{* ¼) + (DAEP}_{q,p} \mathbf{* ¼) + (RTQQEP}_{q,p} \mathbf{* ¼) – (SSSR}_{q,p} \mathbf{* ¼) – (DAES}_{q,p} \mathbf{* ¼) – (RTQQES}_{q,p} \mathbf{* ¼)]\}}$$

The above variables are defined as follows:

Variable	Unit	Description
$RTEIAMT_{q,p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSK_{q,p}$	MW	*Self-Schedule with Sink at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with sink at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAEP_{q,p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The QSE *q*'s DAM Energy Bids at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQEP_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Purchase per QSE per Settlement Point*—The amount of MW bought by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSR_{q,p}$	MW	*Self-Schedule with Source at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with source at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAES_{q,p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The QSE *q*'s energy offers at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQES_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Sale per QSE per Settlement Point*—The amount of MW sold by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$NMSAMTTOT_{gsc}$	$	*Net Metering Settlement*—The total payment or charge to a generation site with a net metering arrangement.
$WSLAMTTOT_{q,r,p}$	$	*Wholesale Storage Load Settlement*—The total payment or charge to QSE *q*, Resource *r*, at Settlement Point *p*, for WSL for each 15-minute Settlement Interval.
$GSPLITPER_{q,r,gsc,p}$	none	*Generation Resource SCADA Splitting Percentage*—The generation allocation percentage for Resource *r* that is part of a net metering arrangement. GSPLITPER is calculated by taking the Supervisory Control and Data Acquisition (SCADA) values (GSSPLITSCA) for a particular Generation Resource *r* that is part of a net metering configuration and dividing by the sum of all SCADA values for all Resources that are included in the net metering configuration for each interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A Generation Resource or an energy storage Load Resource that is located at the Facility with net metering.

Variable	Unit	Description
gsc	none	A generation site code.

[NPRR419: Replace paragraph (2) above with the following upon system implementation:]

(2) The payment or charge to each QSE for Energy Imbalance Service at a Resource Node Settlement Point for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMT}_{q,p} = (-1) * \{ \sum_{gsc} (\sum_{r} (\mathbf{RESREV}_{q,r,gsc,p})) + (\sum_{r} \mathbf{WSLAMTTOT}_{q,r,p}) + \mathbf{RTSPP}_{p} * [(\mathbf{SSSK}_{q,p} * ¼) + (\mathbf{DAEP}_{q,p} * ¼) + (\mathbf{RTQQEP}_{q,p} * ¼) - (\mathbf{SSSR}_{q,p} * ¼) - (\mathbf{DAES}_{q,p} * ¼) - (\mathbf{RTQQES}_{q,p} * ¼)]\}$$

Where:

$$\mathbf{RESREV}_{q,r,gsc,p} = \mathbf{GSPLITPER}_{q,r,gsc,p} * \mathbf{NMSAMTTOT}_{gsc}$$

$$\mathbf{RESMEB}_{q,r,gsc,p} = \mathbf{GSPLITPER}_{q,r,gsc,p} * \mathbf{NMRTETOT}_{gsc}$$

$$\mathbf{WSLTOT}_{q,p} = \sum_{r} (\sum_{b} \mathbf{MEBL}_{q,r,b})$$

$$\mathbf{RNIMBAL}_{q,p} = \sum_{gsc} (\sum_{r} \mathbf{RESMEB}_{q,r,gsc,p}) + \mathbf{WSLTOT}_{q,p} + (\mathbf{SSSK}_{q,p} * ¼) + (\mathbf{DAEP}_{q,p} * ¼) + (\mathbf{RTQQEP}_{q,p} * ¼) - (\mathbf{SSSR}_{q,p} * ¼) - (\mathbf{DAES}_{q,p} * ¼) - (\mathbf{RTQQES}_{q,p} * ¼)$$

The above variables are defined as follows:

Variable	Unit	Description
$RTEIAMT_{q,p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$RNIMBAL_{q,p}$	MWh	*Resource Node Energy Imbalance per QSE per Settlement Point*—The Resource Node volumetric imbalance for QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSK_{q,p}$	MW	*Self-Schedule with Sink at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with sink at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAEP_{q,p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The QSE *q*'s DAM Energy Bids at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQEP_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Purchase per QSE per Settlement Point*—The amount of MW bought by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.

$SSSR_{q, p}$	MW	*Self-Schedule with Source at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with source at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAES_{q, p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The QSE *q*'s energy offers at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQES_{q, p}$	MW	*Real-Time QSE-to-QSE Energy Sale per QSE per Settlement Point*—The amount of MW sold by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$RESREV_{q, r, gsc, p}$	$	*Resource Share Revenue Settlement Payment*—The Resource share of the total payment to the entire Facility with a net metering arrangement attributed to Resource *r* that is part of a generation site code *gsc* for the QSE *q* at Settlement Point *p*.
$RESMEB_{q, r, gsc, p}$	MWh	*Resource Share Net Meter Real-Time Energy Total*—The Resource share of the net sum for all Settlement Meters attributed to Resource *r* that is part of a generation site code *gsc* for the QSE *q* at Settlement Point *p*.
$WSLTOT_{q, p}$	MWh	*WSL Total*—The total WSL energy metered by the Settlement Meters which measure WSL for the QSE *q* at Settlement Point *p*.
$MEBL_{q,r,b}$	MWh	*Metered Energy for Wholesale Load at bus*—The WSL energy metered by the Settlement Meter which measures WSL for the 15-minute Settlement Interval represented as a negative value, for the QSE *q*, Resource *r*, at bus *b*.
$NMSAMTTOT_{gsc}$	$	*Net Metering Settlement*—The total payment or charge to a generation site with a net metering arrangement.
$WSLAMTTOT_{q, r, p}$	$	*Wholesale Storage Load Settlement*—The total payment or charge to QSE *q*, Resource *r*, at Settlement Point *p*, for WSL for each 15-minute Settlement Interval.
$NMRTETOT_{gsc}$	MWh	*Net Meter Real-Time Energy Total*—The net sum for all Settlement Meters included in generation site code *gsc*. A positive value indicates an injection of power to the ERCOT System.
$GSPLITPER_{q, r, gsc, p}$	none	*Generation Resource SCADA Splitting Percentage*—The generation allocation percentage for Resource *r* that is part of a net metering arrangement. GSPLITPER is calculated by taking the Supervisory Control and Data Acquisition (SCADA) values (GSSPLITSCA) for a particular Generation Resource *r* that is part of a net metering configuration and dividing by the sum of all SCADA values for all Resources that are included in the net metering configuration for each interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A Generation Resource or an energy storage Load Resource that is located at the Facility with net metering.
gsc	none	A generation site code.
b	none	An Electrical Bus.

(3) For a facility with Settlement Meters that measure WSL, the total payment or charge for WSL is calculated for a QSE, energy storage Load Resource, and Settlement Point for each 15-minute Settlement Interval.

The WSL is settled as follows:

$$\mathbf{WSLAMTTOT}_{q,r,p} = \sum_{b} (\mathbf{RTRMPRWSL}_{b} * \mathbf{MEBL}_{q,r,b})$$

Where the price for Settlement Meter is determined as follows:

$$\mathbf{RTRMPRWSL}_{b} = \sum_{y} (\mathbf{RNWFL}_{b,y} * \mathbf{RTLMP}_{b,y})$$

Where the weighting factor for the Electrical Bus associated with the meter is:

$$\mathbf{RNWFL}_{b,y} = [\mathbf{Max}\ (0.001, \sum_{r} \mathbf{TL}_{r,y})) * \mathbf{TLMP}_{y}] /$$

$$[\sum_{y} \mathbf{Max}\ (0.001, \sum_{r} \mathbf{TL}_{r,y})) * \mathbf{TLMP}_{y}]$$

For every SCED LMP calculated at each Settlement Meter, there shall be an administrative price floor of -$251/MWh.

The summation is over all WSL *r* associated to the individual meter. The determination of which Resources are associated to an individual meter is static and based on the normal system configuration of the generation site code, *gsc*.

The above variables are defined as follows:

Variable	Unit	Description
$RTLMP_{b,y}$	$/MWh	*Real-Time Locational Marginal Price at bus per interval*—The Real-Time LMP for the meter at Electrical Bus *b*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the SCED interval *y*.
$MEBL_{q,r,b}$	MWh	*Metered Energy for Wholesale Load at bus*—The WSL energy metered by the Settlement Meter which measures WSL for the 15-minute Settlement Interval represented as a negative value, for the QSE *q*, Resource *r*, at bus *b*.
$WSLAMTTOT_{q,r,p}$	$	*Wholesale Storage Load Settlement*—The total payment or charge to QSE *q*, Resource *r*, at Settlement Point *p*, for WSL for each 15-minute Settlement Interval.
$RNWFL_{b,y}$	none	*Net meter Weighting Factor per interval for the Energy Metered as Wholesale Storage Load* —The weight factor used in net meter price calculation for meters in Electrical Bus *b*, for the SCED interval *y*, for the WSL associated with an energy storage Load Resource. The weighting factor used in the net meter price calculation shall not be recalculated after the fact due to revisions in the association of Resources to Settlement Meters.
$RTRMPRWSL_{b}$	$/MWh	*Real-Time Price for the Energy Metered as Wholesale Storage Load at bus*—The Real-Time price for the Settlement Meter which measures WSL at Electrical Bus *b*, for the 15-minute Settlement Interval.
$TL_{r,y}$	MW	*Telemetered WSL charging per interval*—The telemetered Load associated with the energy storage Load Resource *r* for the SCED interval *y*.
gsc	none	A generation site code.

Variable	Unit	Description
r	none	An energy storage Load Resource.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An Electrical Bus.

(4) The total payment or charge to a Facility with a net metering arrangement for each 15-minute Settlement Interval shall be calculated as follows:

$$\mathbf{NMRTETOT}_{gsc} = \mathbf{Max}\left(0, \left(\sum_{b} \left(\mathbf{MEB}_{gsc,b} + \mathbf{MEBC}_{gsc,b}\right)\right)\right)$$

If $\mathrm{NMRTETOT}_{gsc} = 0$ for a 15-minute Settlement Interval, then

The Load that is not WSL is included in the Real-Time AML per QSE and is included in the Real-Time energy imbalance payment or charge at a Load Zone.

Otherwise, when $\mathrm{NMRTETOT}_{gsc} > 0$ for a 15-minute Settlement Interval, then

$$\mathbf{NMSAMTTOT}_{gsc} = \sum_{b} \left[\left(\mathbf{RTRMPR}_{b} * \mathbf{MEB}_{gsc,b}\right) + \left(\mathbf{RTRMPR}_{b} * \mathbf{MEBC}_{gsc,b}\right)\right]$$

Where the price for Settlement Meter is determined as follows**:**

$$\mathbf{RTRMPR}_{b} = \sum_{y} \left(\mathbf{RNWF}_{b,y} * \mathbf{RTLMP}_{b,y}\right)$$

Where the weighting factor for the Electrical Bus associated with the meter is:

$$\mathbf{RNWF}_{b,y} = \left[\mathbf{Max}\left(0.001, \sum_{r} \mathbf{BP}_{r,y}\right) * \mathbf{TLMP}_{y}\right] / \left[\sum_{y} \mathbf{Max}\left(0.001, \sum_{r} \mathbf{BP}_{r,y}\right) * \mathbf{TLMP}_{y}\right]$$

For every SCED LMP calculated at each Settlement Meter, there shall be an administrative price floor of -$251/MWh.

The summation is over all Resources *r* associated to the individual meter. The determination of which Resources are associated to an individual meter is static and based on the normal system configuration of the generation site code, *gsc*.

The above variables are defined as follows:

Variable	Unit	Description
$\mathrm{NMRTETOT}_{gsc}$	MWh	*Net Meter Real-Time Energy Total*—The net sum for all Settlement Meters included in generation site code *gsc*. A positive value indicates an injection of power to the ERCOT System.
$\mathrm{NMSAMTTOT}_{gsc}$	$	*Net Metering Settlement*—The total payment or charge to a generation site with a net metering arrangement.

Variable	Unit	Description
$RTRMPR_{b}$	$/MWh	*Real-Time Price for the Energy Metered for each Resource meter at bus*—The Real-Time price for the Settlement Meter at Electrical Bus *b*, for the 15-minute Settlement Interval.
$MEB_{gsc, b}$	MWh	*Metered Energy at bus*—The metered energy by the Settlement Meter which is not upstream from another Settlement Meter which measures WSL for the 15-minute Settlement Interval. A positive value represents energy produced, and a negative value represents energy consumed.
$RTLMP_{b, y}$	$/MWh	*Real-Time Locational Marginal Price at bus per interval*—The Real-Time LMP for the meter at Electrical Bus *b*, for the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the SCED interval *y*.
$RNWF_{b, y}$	none	*Net meter Weighting Factor per interval*—The weight factor used in net meter price calculation for meters in Electrical Bus *b*, for the SCED interval *y*. The weighting factor used in the net meter price calculation shall not be recalculated after the fact due to revisions in the association of Resources to Settlement Meters.
$BP_{r, y}$	MW	*Base Point per Resource per interval*—The Base Point of Resource *r*, for the SCED interval *y*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$MEBC_{gsc, b}$	MWh	*Metered Energy at bus (Calculated)*—The calculated energy for the 15-minute Settlement Interval for a Settlement Meter which is upstream from another Settlement Meter which measures WSL. A positive value represents energy produced, and a negative value represents energy consumed.
gsc	none	A generation site code.
r	none	A Generation Resource that is located at the Facility with net metering.
y	none	A SCED interval in the 15-minute Settlement Interval. The summation is over the total number of SCED runs that cover the 15-minute Settlement Interval.
b	none	An Electrical Bus.

(5) The Generation Resource SCADA Splitting Percentage for each Resource within a net metering arrangement for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{GSPLITPER}_{q, r, gsc, p} = \mathbf{GSSPLITSCA}_{r} / \sum_{r} \mathbf{GSSPLITSCA}_{r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$GSPLITPER_{q, r, gsc, p}$	none	*Generation Resource SCADA Splitting Percentage*—The generation allocation percentage for Resource *r* that is part of a generation site code *gsc* for the QSE *q* at Settlement Point *p*. GSPLITPER is calculated by taking the SCADA values (GSSPLITSCA) for a particular Generation Resource *r* that is part of a net metering configuration and dividing by the sum of all SCADA values for all Resources that are included in the net metering configuration for each interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.

Variable	Unit	Definition
GSSPLITSCA $_r$	MWh	*Generation Resource SCADA Net Real Power provided via Telemetry*—The net real power provided via telemetry per Resource within the net metering arrangement, integrated for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
gsc	none	A generation site code.
r	none	A Generation Resource that is located at the Facility with net metering.
q	none	A QSE.
p	none	A Resource Node Settlement Point.

(6) The total net payments and charges to each QSE for Energy Imbalance Service at all Resource Node Settlement Points for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMTQSETOT}_{q} = \sum_{p} \mathbf{RTEIAMT}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
RTEIAMTQSETOT $_q$	$	*Real-Time Energy Imbalance Amount QSE Total per QSE*—The total net payments and charges to QSE *q* for Real-Time Energy Imbalance Service at all Resource Node Settlement Points for the 15-minute Settlement Interval.
RTEIAMT $_{q, p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Resource Node Settlement Point.

6.6.3.2 Real-Time Energy Imbalance Payment or Charge at a Load Zone

(1) The payment or charge to each QSE for Energy Imbalance Service is calculated based on the Real-Time Settlement Point Price for the following amounts at a particular Load Zone Settlement Point:

(a) The amount of its Self-Schedules with sink specified at the Settlement Point; plus

(b) The amount of its DAM Energy Bids cleared in the DAM at the Settlement Point; plus

(c) The amount of its Energy Trades at the Settlement Point where the QSE is the buyer; minus

(d) The amount of its Self-Schedules with source specified at the Settlement Point; minus

(e) The amount of its energy offers cleared in the DAM at the Settlement Point; minus

(f) The amount of its Energy Trades at the Settlement Point where the QSE is the seller; minus

(g) Its AML at the Settlement Point; plus

(h) The aggregated generation of its Non-Modeled Generators in the Load Zone.

(2) The payment or charge to each QSE for Energy Imbalance Service at a Load Zone for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMT}_{q,p} = \mathbf{(-1) * \{[RTSPP}_{p} \mathbf{* [(SSSK}_{q,p} \mathbf{* ¼) + (DAEP}_{q,p} \mathbf{* ¼) + (RTQQEP}_{q,p} \mathbf{* ¼) – (SSSR}_{q,p} \mathbf{* ¼) – (DAES}_{q,p} \mathbf{* ¼) – (RTQQES}_{q,p} \mathbf{* ¼)]] + [RTSPPEW}_{p} \mathbf{* (RTMGNM}_{q,p} \mathbf{– RTAML}_{q,p}\mathbf{)]\}}$$

The above variables are defined as follows:

Variable	Unit	Description
$RTEIAMT_{q,p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTSPPEW_{p}$	$/MWh	*Real-Time Settlement Point Price Energy-Weighted*—The Real-Time Settlement Point Price at the Settlement Point *p*, for the 15-minute Settlement Interval that is weighted by the State Estimated Load for the Load Zone of each SCED interval within the 15-minute Settlement Interval.
$RTAML_{q,p}$	MWh	*Real-Time Adjusted Metered Load per QSE per Settlement Point*—The sum of the AML at the Electrical Buses that are included in Settlement Point *p* represented by QSE *q* for the 15-minute Settlement Interval.
$SSSK_{q,p}$	MW	*Self-Schedule with Sink at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with sink at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAEP_{q,p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The QSE *q*'s DAM Energy Bids at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQEP_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Purchase per QSE per Settlement Point*—The amount of MW bought by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSR_{q,p}$	MW	*Self-Schedule with Source at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with source at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAES_{q,p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The QSE *q*'s energy offers at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQES_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Sale per QSE per Settlement Point*—The amount of MW sold by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute

Variable	Unit	Description
		Settlement Interval.
RTMGNM $_{q, p}$	MWh	*Real-Time Metered Generation from Non-Modeled generators per QSE per Settlement Point*—The total Real-Time energy produced by Non-Modeled Generators represented by QSE *q* in Load Zone Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Load Zone Settlement Point.

[NPRR419: Replace paragraph (2) above with the following upon system implementation:]

(2) The payment or charge to each QSE for Energy Imbalance Service at a Load Zone for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMT}_{q,p} = \mathbf{(-1) * \{[RTSPP}_{p} \mathbf{* [(SSSK}_{q,p} \mathbf{* ¼) + (DAEP}_{q,p} \mathbf{* ¼) + (RTQQEP}_{q,p} \mathbf{* ¼) – (SSSR}_{q,p} \mathbf{* ¼) – (DAES}_{q,p} \mathbf{* ¼) – (RTQQES}_{q,p} \mathbf{* ¼)]] + [RTSPPEW}_{p} \mathbf{* (RTMGNM}_{q,p} \mathbf{– RTAML}_{q,p}\mathbf{)]\}}$$

And

$$\mathbf{LZIMBAL}_{q,p} = \mathbf{(SSSK}_{q,p} \mathbf{* ¼) + (DAEP}_{q,p} \mathbf{* ¼) + (RTQQEP}_{q,p} \mathbf{* ¼) – (SSSR}_{q,p} \mathbf{* ¼) – (DAES}_{q,p} \mathbf{* ¼) – (RTQQES}_{q,p} \mathbf{* ¼) – RTAML}_{q,p} \mathbf{+ RTMGNM}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Description
RTEIAMT $_{q, p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
RTSPP $_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
LZIMBAL $_{q, p}$	MWh	*Load Zone Energy Imbalance per QSE per Settlement Point*—The Load Zone volumetric imbalance for QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
RTSPPEW $_{p}$	$/MWh	*Real-Time Settlement Point Price Energy-Weighted*—The Real-Time Settlement Point Price at the Settlement Point *p*, for the 15-minute Settlement Interval that is weighted by the State Estimated Load for the Load Zone of each SCED interval within the 15-minute Settlement Interval.
RTAML $_{q, p}$	MWh	*Real-Time Adjusted Metered Load per QSE per Settlement Point*—The sum of the AML at the Electrical Buses that are included in Settlement Point *p* represented by QSE *q* for the 15-minute Settlement Interval.
SSSK $_{q, p}$	MW	*Self-Schedule with Sink at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with sink at Settlement Point *p*, for the 15-minute Settlement Interval.
DAEP $_{q, p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The QSE *q*'s DAM Energy Bids at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
RTQQEP $_{q, p}$	MW	*Real-Time QSE-to-QSE Energy Purchase per QSE per Settlement Point*—The amount

		of MW bought by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSR_{q, p}$	MW	*Self-Schedule with Source at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with source at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAES_{q, p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The QSE *q*'s energy offers at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQES_{q, p}$	MW	*Real-Time QSE-to-QSE Energy Sale per QSE per Settlement Point*—The amount of MW sold by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTMGNM_{q, p}$	MWh	*Real-Time Metered Generation from Non-Modeled generators per QSE per Settlement Point*—The total Real-Time energy produced by Non-Modeled Generators represented by QSE *q* in Load Zone Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Load Zone Settlement Point.

(3) The total net payments and charges to each QSE for Energy Imbalance Service at all Load Zones for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMTQSETOT}_{q} = \sum_{p} \mathbf{RTEIAMT}_{q, p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RTEIAMTQSETOT_{q}$	$	*Real-Time Energy Imbalance Amount QSE Total per QSE*—The total net payments and charges to QSE *q* for Real-Time Energy Imbalance Service at all Load Zone Settlement Points for the 15-minute Settlement Interval.
$RTEIAMT_{q, p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Load Zone Settlement Point.

6.6.3.3 Real-Time Energy Imbalance Payment or Charge at a Hub

(1) The payment or charge to each QSE for Energy Imbalance Service is calculated based on the Real-Time Settlement Point Price for the following amounts at a particular Hub Settlement Point:

(a) The amount of its Self-Schedules with sink specified at the Settlement Point; plus

(b) The amount of its DAM Energy Bids cleared in the DAM at the Settlement Point; plus

(c) The amount of its Energy Trades at the Settlement Point where the QSE is the buyer; minus

(d) The amount of its Self-Schedules with source specified at the Settlement Point; minus

(e) The amount of its energy offers cleared in the DAM at the Settlement Point; minus

(f) The amount of its Energy Trades at the Settlement Point where the QSE is the seller.

(2) The payment or charge to each QSE for Energy Imbalance Service at a Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMT}_{q,p} = \mathbf{(-1) * RTSPP}_{p} * \{(\mathbf{SSSK}_{q,p} * ¼) + (\mathbf{DAEP}_{q,p} * ¼) + (\mathbf{RTQQEP}_{q,p} * ¼) - (\mathbf{SSSR}_{q,p} * ¼) - (\mathbf{DAES}_{q,p} * ¼) - (\mathbf{RTQQES}_{q,p} * ¼)\}$$

The above variables are defined as follows:

Variable	Unit	Description
$RTEIAMT_{q,p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSK_{q,p}$	MW	*Self-Schedule with Sink at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with sink at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAEP_{q,p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The QSE *q*'s DAM Energy Bids at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQEP_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Purchase per QSE per Settlement Point*—The amount of MW bought by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSR_{q,p}$	MW	*Self-Schedule with Source at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with source at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAES_{q,p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The QSE *q*'s Energy Offers at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQES_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Sale per QSE per Settlement Point*—The amount of MW sold by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Hub Settlement Point.

[NPRR419: Replace paragraph (2) above with the following upon system implementation:]

(2) The payment or charge to each QSE for Energy Imbalance Service at a Hub for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMT}_{q,p} = \mathbf{(-1) * RTSPP}_{p} * \{\mathbf{(SSSK}_{q,p} * 1/4) + \mathbf{(DAEP}_{q,p} * 1/4) + \mathbf{(RTQQEP}_{q,p} * 1/4) - \mathbf{(SSSR}_{q,p} * 1/4) - \mathbf{(DAES}_{q,p} * 1/4) - \mathbf{(RTQQES}_{q,p} * 1/4)\}$$

And

$$\mathbf{HBIMBAL}_{q,p} = \mathbf{(SSSK}_{q,p} * 1/4) + \mathbf{(DAEP}_{q,p} * 1/4) + \mathbf{(RTQQEP}_{q,p} * 1/4) - \mathbf{(SSSR}_{q,p} * 1/4) - \mathbf{(DAES}_{q,p} * 1/4) - \mathbf{(RTQQES}_{q,p} * 1/4)$$

The above variables are defined as follows:

Variable	Unit	Description
$RTEIAMT_{q,p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The payment or charge to QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$HBIMBAL_{q,p}$	MWh	*Hub Energy Imbalance per QSE per Settlement Point*—The Hub volumetric imbalance for QSE *q* for Real-Time Energy Imbalance Service at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSK_{q,p}$	MW	*Self-Schedule with Sink at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with sink at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAEP_{q,p}$	MW	*Day-Ahead Energy Purchase per QSE per Settlement Point*—The QSE *q*'s DAM Energy Bids at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQEP_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Purchase per QSE per Settlement Point*—The amount of MW bought by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
$SSSR_{q,p}$	MW	*Self-Schedule with Source at Settlement Point per QSE per Settlement Point*—The QSE *q*'s Self-Schedule with source at Settlement Point *p*, for the 15-minute Settlement Interval.
$DAES_{q,p}$	MW	*Day-Ahead Energy Sale per QSE per Settlement Point*—The QSE *q*'s Energy Offers at Settlement Point *p* cleared in the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTQQES_{q,p}$	MW	*Real-Time QSE-to-QSE Energy Sale per QSE per Settlement Point*—The amount of MW sold by QSE *q* through Energy Trades at Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Hub Settlement Point.

(3) The total net payments and charges to each QSE for Energy Imbalance Service at all Hubs for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTEIAMTQSETOT}_{q} = \sum_{p} \mathbf{RTEIAMT}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
RTEIAMTQSETOT $_{q}$	$	*Real-Time Energy Imbalance Amount QSE Total per QSE*—The total net payments and charges to QSE *q* for Real-Time Energy Imbalance at all Hub Settlement Points for the 15-minute Settlement Interval.
RTEIAMT $_{q, p}$	$	*Real-Time Energy Imbalance Amount per QSE per Settlement Point*—The charge to QSE *q* for the Real-Time Energy Imbalance at Settlement Point *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Hub Settlement Point.

6.6.3.4 Real-Time Energy Payment for DC Tie Import

(1) The payment to each QSE for energy imported into the ERCOT System through each DC Tie is calculated based on the Real-Time Settlement Point Price at the DC Tie Settlement Point. The payment for a given 15-minute Settlement Interval is calculated as follows:

RTDCIMPAMT $_{q, p}$ = (-1) * RTSPP $_{p}$ * (RTDCIMP $_{q, p}$ * ¼)

The above variables are defined as follows:

Variable	Unit	Description
RTDCIMPAMT $_{q, p}$	$	*Real-Time DC Import Amount per QSE per Settlement Point*—The payment to QSE *q* for DC Tie import through DC Tie *p*, for the 15-minute Settlement Interval.
RTSPP $_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
RTDCIMP $_{q, p}$	MW	*Real-Time DC Import per QSE per Settlement Point*—The aggregated DC Tie Schedule submitted by QSE *q* as an importer into the ERCOT System through DC Tie *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A DC Tie Settlement Point.

(2) ERCOT shall pay each QSE for energy imported into the ERCOT System during a declared Emergency Condition through each DC Tie in response to an ERCOT Dispatch Instruction. The payment for a given 15-minute Settlement Interval is calculated as follows:

RTEDCIMPAMT $_{q, p}$ = (-1) * Max {RTSPP $_{p}$, (VEEPDCTP $_{q, p}$ * CAEDCT)}* (RTEDCIMP $_{q, p}$ * ¼)

The above variables are defined as follows:

Variable	Unit	Description
RTEDCIMPAMT $_{q, p}$	$	*Real-Time Emergency DC Import Amount per QSE per Settlement Point*—The payment to QSE *q* for emergency DC Tie import through DC Tie *p*, for the 15-minute Settlement Interval.
RTSPP $_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time SPP at Settlement Point *p*, for the 15-minute Settlement Interval.
FIP	$/MMBtu	*Fuel Index Price*—As defined in Section 2, Definitions and Acronyms.

RTEDCIMP $_{q, p}$	MW	*Real-Time Emergency DC Import per QSE per Settlement Point*—The aggregated DC Tie Schedule for emergency energy imported by QSE *q* into the ERCOT System during Emergency Conditions through DC Tie *p*, for the 15-minute Settlement Interval.
VEEPDCTP $_{q, p}$	$/MWh	*Verified Emergency Energy Price at DC Tie Point*—The ERCOT verified cost for the energy imported by QSE *q* into the ERCOT System during declared Emergency Condition through a DC Tie *p* as instructed by a Dispatch Instruction.
CAEDCT	#	*Cost Adder for Emergency DC Tie Import*—A multiplier of 1.10.
q	none	A QSE.
p	none	A DC Tie Settlement Point.

(3) The total of the payments to each QSE for all energy imported into the ERCOT System through DC Ties for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTDCIMPAMTQSETOT}_{q,p} = \sum_{p} (\mathbf{RTDCIMPAMT}_{q,p} + \mathbf{RTEDCIMPAMT}_{q,p})$$

The above variables are defined as follows:

Variable	Unit	Definition
RTDCIMPAMTQSETOT $_{q, p}$	$	*Real-Time DC Import Amount QSE Total per QSE*—The total of the payments to QSE *q* for energy imported into the ERCOT System through DC Ties *p*, for the 15-minute Settlement Interval.
RTDCIMPAMT $_{q, p}$	$	*Real-Time DC Import Amount per QSE per Settlement Point*—The payment to QSE *q* for DC Tie import through DC Tie *p*, for the 15-minute Settlement Interval.
RTEDCIMPAMT $_{q, p}$	$	*Real-Time Emergency DC Import Amount per QSE per Settlement Point*—The payment to QSE *q* for emergency DC Tie import through DC Tie *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A DC Tie Settlement Point.

6.6.3.5 Real-Time Payment for a Block Load Transfer Point

(1) ERCOT shall pay each QSE for the energy delivered to an ERCOT Load through a Block Load Transfer (BLT) Point that is moved in response to an ERCOT Verbal Dispatch Instruction (VDI) during a declared Emergency Condition, from the ERCOT Control Area to a non-ERCOT Control Area. The payment for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{BLTRAMT}_{q, bltp, p} = (-1) * \mathbf{MAX}\{\mathbf{RTSPPEW}_{p}, (\mathbf{VEEPBLTP}_{q, bltp}) * \mathbf{CABLT}\} * \mathbf{BLTR}_{q, p, bltp}$$

The above variables are defined as follows:

Variable	Unit	Definition
BLTRAMT $_{q, bltp, p}$	$	*Block Load Transfer Resource Amount per QSE per Settlement Point per BLT Point*—The payment to QSE *q* for the BLT Resource that delivers energy to Load Zone *p* through BLT Point *bltp*, for the 15-minute Settlement Interval.

RTSPPEW $_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point Energy-Weighted*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval, that is weighted by the state estimated Load of the Load Zone of each SCED interval within the 15-minute Settlement Internal.
VEEPBLTP $_{q, bltp}$	$/MWh	*Verified Emergency Energy Price at BLT Point*—The ERCOT verified cost for the energy delivered to an ERCOT Load through BLT Point *bltp* during a declared Emergency Condition in ERCOT as determined by an ERCOT VDI.
CABLT	#	*Cost Adder for Block Load Transfer*—A multiplier of 1.10.
BLTR $_{q, p, bltp}$	MWh	*Block Load Transfer Resource per QSE per Settlement Point per BLT Point*—The energy delivered to an ERCOT Load in Load Zone *p* through BLT Point *bltp* represented by QSE *q*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Load Zone Settlement Point.
bltp	none	A BLT Point.

(2) The total of the payments to each QSE for all energy delivered to ERCOT Loads through BLT Points for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{BLTRAMTQSETOT}_{q} = \sum_{p} \sum_{bltp} \mathbf{BLTRAMT}_{q, bltp, p}$$

The above variables are defined as follows:

Variable	Unit	Definition
BLTRAMTQSETOT $_{q}$	$	*Block Load Transfer Resource Amount QSE Total per QSE*—The total of the payments to QSE *q* for energy delivered into the ERCOT System through BLT Points for the 15-minute Settlement Interval.
BLTRAMT $_{q, bltp , p}$	$	*Block Load Transfer Resource Amount per QSE per Settlement Point per BLT Point*—The payment to QSE *q* for the BLT Resource at BLT Point *bltp*, which delivers energy to Load Zone *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Load Zone Settlement Point.
bltp	none	A BLT Point.

(3) For the purpose of Settlement, ERCOT shall treat the energy associated with the Presidio Exception like energy delivered to an ERCOT Load through a BLT Point that is moved from the ERCOT Control Area to a non-ERCOT Control Area in response to a VDI during a declared Emergency Condition, by allowing for compensation of verified costs associated with the energy. After receipt and verification of the invoiced cost associated with the Presidio Exception, ERCOT shall compensate for the energy associated with the Presidio Exception using the monthly verified cost multiplied by the Cost Adder for Block Load Transfer defined in paragraph (1) above. ERCOT shall uplift the cost to QSEs representing Load using the monthly LRS per QSE as defined in Section 7.5.7, Method for Distributing CRR Auction Revenues. Costs associated with the Presidio Exception must be submitted to ERCOT within 90 days of the last day of the month that the costs were incurred.

6.6.3.6 Real-Time Energy Charge for DC Tie Export Represented by the QSE Under

the Oklaunion Exemption

(1) The charge to a QSE that is exporting energy from the ERCOT System under the "Oklaunion Exemption" through a DC Tie associated with the exemption is calculated based on the Real-Time SPP at the DC Tie Settlement Point. This charge for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTDCEXPAMT}_{q,p} = \mathbf{RTSPP}_{p} * (\mathbf{RTDCEXP}_{q,p} * ¼)$$

The above variables are defined as follows:

Variable	Unit	Definition
$RTDCEXPAMT_{q,p}$	$	*Real-Time DC Export Amount per QSE per Settlement Point*—The charge to QSE *q* for the DC Tie exports through DC Tie *p*, for the 15-minute Settlement Interval.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time SPP at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTDCEXP_{q,p}$	MW	*Real-Time DC Export per QSE per Settlement Point*—The aggregated DC Tie Schedule through DC Tie *p* submitted by QSE *q* that is under the "Oklaunion Exemption" as an exporter from the ERCOT area, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A DC Tie Settlement Point.

(2) The total of the charges to each QSE for all energy exported from the ERCOT System through DC Ties for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTDCEXPAMTQSETOT}_{q} = \sum_{p} \mathbf{RTDCEXPAMT}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RTDCEXPAMTQSETOT_{q}$	$	*Real-Time DC Export Amount QSE Total per QSE*—The total of the charges to QSE *q* for energy exported from the ERCOT System through DC Ties for the 15-minute Settlement Interval.
$RTDCEXPAMT_{q,p}$	$	*Real-Time DC Export Amount per QSE per Settlement Point*—The charge to QSE *q* for the DC Tie exports through DC Tie *p*, for the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A DC Tie Settlement Point.

6.6.4 Real-Time Congestion Payment or Charge for Self-Schedules

(1) The congestion payment or charge to each QSE submitting a Self-Schedule calculated based on the difference in Real-Time SPPs at the specified sink and the source of the Self-Schedule multiplied by the amount of the Self-Schedule. The congestion charge to each QSE for each of its Self-Schedule for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTCCAMT}_{q,s} = (\mathbf{RTSPP}_{sink,s} - \mathbf{RTSPP}_{source,s}) * (\mathbf{SSQ}_{q,s} * ¼)$$

The above variables are defined as follows:

Variable	Unit	Description
RTCCAMT $_{q, s}$	$	*Real-Time Congestion Cost Amount per QSE per Self-Schedule*—The congestion charge to QSE *q* for its Self-Schedule *s*, for the 15-minute Settlement Interval.
RTSPP $_{sink, s}$	$/MWh	*Real-Time Settlement Point Price at the Sink of Self-Schedule*—The Real-Time SPP at the sink of the Self-Schedule *s*, for the 15-minute Settlement Interval.
RTSPP $_{source, s}$	$/MWh	*Real-Time Settlement Point Price at the Source of Self-Schedule*—The Real-Time SPP at the source of the Self-Schedule *s*, for the 15-minute Settlement Interval.
SSQ $_{q,s}$	MW	*Self-Schedule Quantity per Self-Schedule*—The QSE *q*'s Self Schedule MW quantity for Self-Schedule *s*, for the 15-minute Settlement Interval.
q	none	A QSE.
s	none	A Self-Schedule.
sink	none	Sink Settlement Point
source	none	Source Settlement Point

(2) The total net congestion payments and charges to each QSE for all its Self-Schedules for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{RTCCAMTQSETOT}_{q} = \sum_{s} \mathbf{RTCCAMT}_{q, s}$$

The above variables are defined as follows:

Variable	Unit	Definition
RTCCAMTQSETOT $_{q}$	$	*Real-Time Congestion Cost Amount QSE Total per QSE*—The total net congestion payments and charges to QSE *q* for its Self-Schedules for the 15-minute Settlement Interval.
RTCCAMT $_{q, s}$	$	*Real-Time Congestion Cost Amount per QSE per Self-Schedule*—The congestion payment or charge to QSE *q* for its Self-Schedule *s*, for the 15-minute Settlement Interval.
q	none	A QSE.
s	none	A Self-Schedule.

6.6.5 Generation Resource Base Point Deviation Charge

A QSE for a Generation Resource shall pay a Base Point Deviation Charge if the Resource did not follow Dispatch Instructions and Ancillary Service deployments within defined tolerances, except when the Dispatch Instructions and Ancillary Service deployments violate the Resource Parameters. The Base Point Deviation Charge does not apply to Generation Resources when AABP is less than the Resource's average telemetered Low Sustained Limit (LSL) or any time during the Settlement Interval when the telemetered Resource Status is set to ONTEST or STARTUP. The desired output from a Generation Resource during a 15-minute Settlement Interval is calculated as follows:

$$\mathbf{AABP}_{q, r, p, i} = \mathbf{AVGBP}_{q, r, p, i} + \mathbf{AVGREG}_{q, r, p, i}$$

$$\mathbf{AVGBP}_{q, r, p, i} = \sum_{y} (\mathbf{AVGBP5M}_{q, r, p, i, y}) / 3$$

$$\mathbf{AVGREG}_{q,r,p,i} = \sum_{y} \mathbf{(AVGREG5M}_{q,r,p,i,y}\mathbf{)} / 3$$

Where:

$$\mathbf{AVGREG5M}_{q,r,p,i,y} = \mathbf{(AVGREGUP5M}_{q,r,p,i,y} - \mathbf{AVGREGDN5M}_{q,r,p,i,y}\mathbf{)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$AABP_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, AABP is calculated for the Combined Cycle Train considering all SCED Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.
$AVGBP_{q,r,p,i}$	MW	*Average Base Point per QSE per Settlement Point per Resource*—The average of the five-minute clock interval Base Points over the 15-minute Settlement Interval *i* for Generation Resource *r* represented by QSE *q* at Resource Node *p*.
$AVGBP5M_{q,r,p,i,y}$	MW	*Average five-minute clock interval Base Point per QSE per Settlement Point per Resource*—The average Base Point for the Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y* within the 15-minute Settlement Interval *i*. The time-weighted average of the linearly ramped Base Points in a five-minute clock interval *y*. The linearly ramped Base Point is calculated every four seconds such that it ramps from its initial value to the SCED Base Point over a five-minute clock interval *y*. The initial value of the linearly ramped Base Point will be the four second value of the previous linearly ramped Base Point at the time the new SCED Base Point is received into the ERCOT Energy Management System (EMS). The linear ramp is recalculated each time that a new Base Point is received from SCED. ABGBP5M is equal to the ABP value calculated for use in Generation Resource Energy Deployment Performance (GREDP), as described in Section 8.1.1.4, Ancillary Service and Energy Deployment Compliance Criteria.
$AVGREG_{q,r,p,i}$	MW	*Average Regulation Instruction per QSE per Settlement Point per Resource* —The average of the five-minute clock interval *y* Regulation Instruction Generation Resource *r* represented by QSE *q* at Resource Node *p* over the 15-minute Settlement Interval *i*.
$AVGREG5M_{q,r,p,i,y}$	MW	*Total Average five-minute clock interval Regulation Instruction per QSE per Settlement Point per Resource*—The total amount of regulation that the Generation Resource *r* represented by QSE *q* at Resource Node *p* should have produced based on Load Frequency Control (LFC) deployment signals over the five-minute clock interval *y* within the 15-minute Settlement Interval *i*.
$AVGREGUP5M_{q,r,p,i,y}$	MW	*Average Regulation Instruction Up per QSE per Settlement Point per Resource*—The amount of Regulation Up (Reg-Up) that the Generation Resource *r* represented by QSE *q* at Resource Node *p* should have produced based on LFC deployment signals over the five-minute clock interval *y* within the 15-minute Settlement Interval *i*.
$AVGREGDN5M_{q,r,p,i,y}$	MW	*Average Regulation Instruction Down per QSE per Settlement Point per Resource*—The amount of Regulation Down (Reg-Down) that the Generation Resource *r* represented by QSE *q* at Resource Node *p* should have produced based on LFC deployment signals over the five-minute clock interval *y* within the 15-minute Settlement Interval *i*.
q	none	A QSE.

Variable	Unit	Definition
p	none	A Resource Node Settlement Point.
r	none	A Generation Resource.
i	None	A 15-minute Settlement Interval
y	none	A five-minute clock interval in the Settlement Interval.

[NPRR555: Replace Section 6.6.5 above with the following upon system implementation:]

6.6.5 Base Point Deviation Charge

6.6.5.1 Resource Base Point Deviation Charge

A QSE for a Generation Resource or Controllable Load Resource shall pay a Base Point Deviation Charge if the Resource did not follow Dispatch Instructions and Ancillary Service deployments within defined tolerances, except when the Dispatch Instructions and Ancillary Service deployments violate the Resource Parameters. The Base Point Deviation Charge does not apply to Generation Resources when AABP is less than the Resource's average telemetered Low Sustained Limit (LSL) or any time during the Settlement Interval when the telemetered Resource Status is set to ONTEST or STARTUP. The Base Point Deviation Charge does not apply to a Controllable Load Resource if the computed Base Point is equal to the snapshot of its telemetered power consumption for all SCED runs during the Settlement Interval or any time during the Settlement Interval when the telemetered Resource Status is set to OUTL. The desired output from a Generation Resource or desired consumption from a Controllable Load Resource during a 15-minute Settlement Interval is calculated as follows:

$$\mathbf{AABP}_{q,r,p,i} = \mathbf{AVGBP}_{q,r,p,i} + \mathbf{AVGREG}_{q,r,p,i}$$

$$\mathbf{AVGBP}_{q,r,p,i} = \sum_{y} (\mathbf{AVGBP5M}_{q,r,p,i,y}) / 3$$

$$\mathbf{AVGREG}_{q,r,p,i} = \sum_{y} (\mathbf{AVGREG5M}_{q,r,p,i,y}) / 3$$

Where:

$$\mathbf{AVGREG5M}_{q,r,p,i,y} = (\mathbf{AVGREGUP5M}_{q,r,p,i,y} - \mathbf{AVGREGDN5M}_{q,r,p,i,y})$$

The above variables are defined as follows:

Variable	Unit	Definition
$AABP_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point per QSE per Settlement Point per Resource*— The aggregated Base Point adjusted for Ancillary Service deployments of Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, AABP is calculated for the Combined Cycle Train considering all SCED Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.

AVGBP $_{q, r, p, i}$	MW	*Average Base Point per QSE per Settlement Point per Resource*—The average of the five-minute clock interval Base Points over the 15-minute Settlement Interval *i* for Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*.
AVGBP5M $_{q, r, p, i, y}$	MW	*Average five-minute clock interval Base Point per QSE per Settlement Point per Resource*—The average Base Point for the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the five-minute clock interval *y* within the 15-minute Settlement Interval *i*. The time-weighted average of the linearly ramped Base Points in a five-minute clock interval *y*. The linearly ramped Base Point is calculated every four seconds such that it ramps from its initial value to the SCED Base Point over a five-minute clock interval *y*. The initial value of the linearly ramped Base Point will be the four second value of the previous linearly ramped Base Point at the time the new SCED Base Point is received into the ERCOT Energy Management System (EMS). The linear ramp is recalculated each time that a new Base Point is received from SCED. ABGBP5M is equal to the ABP value calculated for use in Generation Resource Energy Deployment Performance (GREDP) or the ABP value calculated for use in the Controllable Load Resource Energy Deployment Performance (CLREDP), as described in Section 8.1.1.4.1, Regulation Service and Generation Resource/Controllable Load Resource Energy Deployment Performance.
AVGREG $_{q, r, p, i}$	MW	*Average Regulation Instruction per QSE per Settlement Point per Resource* —The average of the five-minute clock interval *y* Regulation Instruction Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* over the 15-minute Settlement Interval *i*.
AVGREG5M $_{q, r, p, i, y}$	MW	*Total Average five-minute clock interval Regulation Instruction per QSE per Settlement Point per Resource*—The total amount of regulation that the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* should have produced based on Load Frequency Control (LFC) deployment signals over the five-minute clock interval *y* within the 15-minute Settlement Interval *i*.
AVGREGUP5M $_{q, r, p, i, y}$	MW	*Average Regulation Instruction Up per QSE per Settlement Point per Resource*—The amount of Regulation Up (Reg-Up) that the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* should have produced based on LFC deployment signals over the five-minute clock interval *y* within the 15-minute Settlement Interval *i*.
AVGREGDN5M $_{q, r, p, i, y}$	MW	*Average Regulation Instruction Down per QSE per Settlement Point per Resource*—The amount of Regulation Down (Reg-Down) that the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* should have produced based on LFC deployment signals over the five-minute clock interval *y* within the 15-minute Settlement Interval *i*.
q	none	A QSE.
p	none	A Settlement Point.
r	none	A Generation Resource or Controllable Load Resource.
i	None	A 15-minute Settlement Interval
y	none	A five-minute clock interval in the Settlement Interval.

6.6.5.1 General Generation Resource Base Point Deviation Charge

(1) Unless one of the exceptions specified in paragraphs (2) and (3) below applies, ERCOT shall charge a Generation Resource Base Point Deviation Charge for a Generation

Resource other than those described in Section 6.6.5.2, IRR Generation Resource Base Point Deviation Charge, and Section 6.6.5.3, Generators Exempt from Deviation Charges, when the telemetered generation of the Generation Resource over the 15-minute Settlement Interval is outside the tolerances defined later in this Section 6.6.5.1.

(2) ERCOT may not charge a QSE a Generation Resource Base Point Deviation Charge under paragraph (1) above when both of the following apply:

(a) The generation deviation of the Generation Resource over the 15-minute Settlement Interval is in a direction that contributes to frequency corrections that resolve an ERCOT System frequency deviation; and

(b) The ERCOT System frequency deviation is greater than +/-0.05 Hz at any time during the 15-minute Settlement Interval.

(3) ERCOT may not charge a QSE a Generation Resource Base Point Deviation Charge under paragraph (1) above for any 15-minute Settlement Interval during which Responsive Reserve (RRS) is deployed.

[NPRR555: Replace Section 6.6.5.1 above with the following upon system implementation:]

6.6.5.1.1 General Generation Resource and Controllable Load Resource Base Point Deviation Charge

(1) Unless one of the exceptions specified in paragraphs (2) and (3) below applies, ERCOT shall charge a Base Point Deviation Charge for a Resource other than those described in Section 6.6.5.2, IRR Generation Resource Base Point Deviation Charge, and Section 6.6.5.3, Generators Exempt from Deviation Charges, when the telemetered generation of the Generation Resource or telemetered power consumption of the Controllable Load Resource over the 15-minute Settlement Interval is outside the tolerances defined later in this Section 6.6.5.1.1.

(2) ERCOT may not charge a QSE a Base Point Deviation Charge under paragraph (1) above when both of the following apply:

(a) The deviation of the Resource over the 15-minute Settlement Interval is in a direction that contributes to frequency corrections that resolve an ERCOT System frequency deviation; and

(b) The ERCOT System frequency deviation is greater than +/-0.05 Hz at any time during the 15-minute Settlement Interval.

(3) ERCOT may not charge a QSE a Base Point Deviation Charge under paragraph (1) above for any 15-minute Settlement Interval during which Responsive Reserve (RRS) is deployed.

6.6.5.1.1 Base Point Deviation Charge for Over Generation

(1) ERCOT shall charge a QSE for a Generation Resource for over-generation that exceeds the following tolerance. The tolerance is the greater of:

(a) 5% of the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments; or

(b) Five MW for metered generation above the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments.

(2) The over-generation charge to each QSE for each Generation Resource at each Resource Node Settlement Point is calculated as follows:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{Max\ (PR1, RTSPP}_{p,i}\mathbf{)} * \mathbf{OGEN}_{q,r,p,i}$$

Where:

$$\mathbf{OGEN}_{q,r,p,i} = \mathbf{Max\ [0, (TWTG}_{q,r,p,i} - \tfrac{1}{4} * \mathbf{Max\ (((1 + K1) * AABP}_{q,r,p,i}\mathbf{), (AABP}_{q,r,p,i} + \mathbf{Q1)))]}$$

$$\mathbf{TWTG}_{q,r,p,i} = \left(\sum_{y} \mathbf{(AVGTG5M}_{q,r,p,i,y}\mathbf{)} / 3\right) * 1/4$$

The above variables are defined as follows:

Variable	Unit	Definition
$BPDAMT_{q,r,p,i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*. The Base Point Deviation Charge is charged to the Combined Cycle Train for all Combined Cycle Generation Resources.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$TWTG_{q,r,p,i}$	MWh	*Time-Weighted Telemetered Generation per QSE per Settlement Point per Resource*—The telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$AABP_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments, of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, AABP is calculated for the Combined Cycle Train considering all SCED Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.
$AVGTG5M_{q,r,p,i,y}$	MW	*Average Telemetered Generation for the 5 Minutes*—The average telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
$OGEN_{q,r,p,i}$	MW	*Over Generation Volumes per QSE per Settlement Point per Resource*—The amount over-generated by the Generation Resource *r* represented by QSE *q* at Resource Node *p* for the 15- minute Settlement Interval *i*.

Variable	Unit	Definition
PR1	$/MWh	The price to use for the Base Point Deviation Charge for over-generation when RTSPP is less than $20.
K1	none	The percentage tolerance for over-generation, 5%.
Q1	MW	The MW tolerance for over-generation, five MW.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A non-exempt, non-Intermittent Renewable Resource (IRR).
y	none	A five-minute clock interval in the Settlement Interval.
i	none	A 15-minute Settlement Interval.

[NPRR555: Replace Section 6.6.5 .1.1 above with the following upon system implementation:]

6.6.5.1.1.1 Base Point Deviation Charge for Over Generation

(1) ERCOT shall charge a QSE for a Generation Resource for over-generation that exceeds the following tolerance. The tolerance is the greater of:

(a) 5% of the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments; or

(b) Five MW for metered generation above the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments.

(2) The over-generation charge to each QSE for each Generation Resource at each Resource Node Settlement Point is calculated as follows:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{Max}(\mathbf{PR1}, \mathbf{RTSPP}_{p,i}) * \mathbf{OGEN}_{q,r,p,i}$$

Where:

$$\mathbf{OGEN}_{q,r,p,i} = \mathbf{Max}[0, (\mathbf{TWTG}_{q,r,p,i} - \tfrac{1}{4} * \mathbf{Max}(((1 + K1) * \mathbf{AABP}_{q,r,p,i}), (\mathbf{AABP}_{q,r,p,i} + \mathbf{Q1})))]$$

$$\mathrm{TWTG}_{q,r,p,i} = \left(\sum_{y} \mathrm{AVGTG5M}_{q,r,p,i,y}\right) / 3) * \tfrac{1}{4}$$

The above variables are defined as follows:

Variable	Unit	Definition
$\mathrm{BPDAMT}_{q,r,p,i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*. The Base Point Deviation Charge is charged to the Combined Cycle Train for all Combined Cycle Generation Resources.
$\mathrm{RTSPP}_{p,i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.

TWTG $_{q, r, p, i}$	MWh	*Time-Weighted Telemetered Generation per QSE per Settlement Point per Resource*—The telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
AABP $_{q, r, p, i}$	MW	*Adjusted Aggregated Base Point per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments, of Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, AABP is calculated for the Combined Cycle Train considering all SCED Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.
AVGTG5M $_{q, r, p, i, y}$	MW	*Average Telemetered Generation for the 5 Minutes*—The average telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
OGEN $_{q, r, p, i}$	MW	*Over Generation Volumes per QSE per Settlement Point per Resource*—The amount over-generated by the Generation Resource *r* represented by QSE *q* at Resource Node *p* for the 15- minute Settlement Interval *i*.
PR1	$/MWh	The price to use for the Base Point Deviation Charge for over-generation when RTSPP is less than $20/MWh, $20/MWh.
K1	none	The percentage tolerance for over-generation, 5%.
Q1	MW	The MW tolerance for over-generation, five MW.
q	none	A QSE.
p	none	A Settlement Point.
R	none	A non-exempt, non-Intermittent Renewable Resource (IRR).
Y	none	A five-minute clock interval in the Settlement Interval.
I	none	A 15-minute Settlement Interval.

6.6.5.1.2 Base Point Deviation Charge for Under Generation

(1) ERCOT shall charge a QSE for a Generation Resource for under generation if the metered generation is below the lesser of:

(a) 95% of the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments; or

(b) The average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments minus five MW.

(2) The under-generation charge to each QSE for each Generation Resource at each Resource Node Settlement Point for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{BPDAMT}_{q, r, p, i} = \mathbf{-1 * Min\ (PR2, RTSPP}_{p,i}\mathbf{) * Min\ (1, KP) * UGEN}_{q, r, p, i}$$

Where:

$$\mathbf{UGEN}_{q, r, p, i} = \mathbf{Max\ [0, [Min\ ((1 - K2) * \tfrac{1}{4} * AABP}_{q, r, p, i}\mathbf{),}$$

$$\mathbf{\tfrac{1}{4} * (AABP}_{q, r, p, i}\mathbf{ - Q2) - TWTG}_{q, r, p, i}\mathbf{]]}$$

$$\mathbf{TWTG}_{q,r,p,i} = \left(\sum_{y} \mathbf{AVGTG5M}_{q,r,p,i,y}\right) / 3) * 1/4$$

The above variables are defined as follows:

Variable	Unit	Definition
$BPDAMT_{q,r,p,i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*. A Base Point Deviation Charge is charged to the Combined Cycle Train for all Combined Cycle Generation Resources.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$TWTG_{q,r,p,i}$	MWh	*Time-Weighted Telemetered Generation per QSE per Settlement Point per Resource*—The telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$AABP_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point*—The aggregated Base Point adjusted for Ancillary Service deployments of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*.. Where for a Combined Cycle Train, AABP is calculated for the Combined Cycle Train considering all SCED Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.
$AVGTG5M_{q,r,p,i,y}$	MW	*Average Telemetered Generation for the 5 Minutes* —The average telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
$UGEN_{q,r,p,i}$	MWh	*Under Generation Volumes per QSE per Settlement Point per Resource*—The amount under-generated by the Generation Resource *r* represented by QSE *q* at Resource Node *p* for the 15-minute Settlement Interval *i*.
KP	None	The coefficient applied to the Settlement Point Price for under-generation charge, 1.0.
PR2	$/MWh	The price to use for the Base Point Deviation Charge for under-generation calculation when RTSPP is greater than -$20.
K2	None	The percentage tolerance for under-generation, 5%.
Q2	MW	The MW tolerance for under-generation, five MW.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A non-exempt, non-IRR.
y	none	A five-minute clock interval in the Settlement Interval.
i	none	A 15-minute Settlement Interval.

[NPRR555: Replace Section 6.6.5.1.2 with the following upon system implementation:]

6.6.5.1.1.2 Base Point Deviation Charge for Under Generation

(1) ERCOT shall charge a QSE for a Generation Resource for under generation if the metered generation is below the lesser of:

(a) 95% of the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments; or

(b) The average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments minus five MW.

(2) The under-generation charge to each QSE for each Generation Resource at each Resource Node Settlement Point for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{-1 * Min\ (PR2, RTSPP}_{p,i}\mathbf{) * Min\ (1, KP) * UGEN}_{q,r,p,i}$$

Where:

$$\mathbf{UGEN}_{q,r,p,i} = \mathbf{Max\ [0, [Min\ ((1 - K2) * ¼ * AABP}_{q,r,p,i}\mathbf{),}$$

$$\mathbf{¼ * (AABP}_{q,r,p,i}\mathbf{ - Q2) - TWTG}_{q,r,p,i}\mathbf{]]}$$

$$\mathbf{TWTG}_{q,r,p,i} = \mathbf{(}\sum_{y}\mathbf{(AVGTG5M}_{q,r,p,i,y}\mathbf{) / 3) * 1/4}$$

The above variables are defined as follows:

Variable	Unit	Definition
$BPDAMT_{q,r,p,i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*. A Base Point Deviation Charge is charged to the Combined Cycle Train for all Combined Cycle Generation Resources.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$TWTG_{q,r,p,i}$	MWh	*Time-Weighted Telemetered Generation per QSE per Settlement Point per Resource*—The telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$AABP_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point*—The aggregated Base Point adjusted for Ancillary Service deployments of Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, AABP is calculated for the Combined Cycle Train considering all SCED Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.
$AVGTG5M_{q,r,p,i,y}$	MW	*Average Telemetered Generation for the 5 Minutes* —The average telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
$UGEN_{q,r,p,i}$	MWh	*Under Generation Volumes per QSE per Settlement Point per Resource*—The amount under-generated by the Generation Resource *r* represented by QSE *q* at Resource Node *p* for the 15-minute Settlement Interval *i*.
KP	None	The coefficient applied to the Settlement Point Price for under-generation charge, 1.0.

PR2	$/MWh	The price to use for the Base Point Deviation Charge for under-generation calculation when RTSPP is greater than -$20/MWh, -$20/MWh.
K2	None	The percentage tolerance for under-generation, 5%.
Q2	MW	The MW tolerance for under-generation, five MW.
q	none	A QSE.
p	none	A Settlement Point.
r	none	A non-exempt, non-IRR.
y	none	A five-minute clock interval in the Settlement Interval.
i	none	A 15-minute Settlement Interval.

[NPRR555: Insert Section 6.6.5.1.1.3 below upon system implementation:]

6.6.5.1.1.3 Controllable Load Resource Base Point Deviation Charge for Over Consumption

(1) ERCOT shall charge a QSE for a Controllable Load Resource for over-consumption that exceeds the following tolerance. The tolerance is the greater of:

(a) XO% of the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments; or

(b) YO MW for power consumption above the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments.

(2) The Controllable Load Resource Base Point Deviation Charge for over-consumption variables XO and YO shall be subject to review and approval by the Technical Advisory Committee (TAC) and shall be posted to the MIS Public Area no later than three Business Days after TAC approval.

(3) The charge to each QSE for non-excused over-consumption for each Controllable Load Resource during a 15-minute Settlement Interval in which the Controllable Load Resource has received a Base Point is calculated as follows:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{-1 * Min\ (PRZ1, RTSPP}_{p,i}\mathbf{) * Min\ (1, KP1) * OCONSM}_{q,r,p,i}$$

Where:

$$\mathbf{OCONSM}_{q,r,p,i} = \mathbf{Max\ [0, ATPC}_{q,r,p,i} \mathbf{- \tfrac{1}{4} * Max\ (((1 + KLR1) * AABP}_{q,r,p,i}\mathbf{), (AABP}_{q,r,p,i} \mathbf{+ QLR1)))]}$$

$$\mathbf{ATPC}_{q,r,p,i} = \mathbf{(}\sum_{y} \mathbf{(AVGTPC5M}_{q,r,p\,i,y}\mathbf{) / 3) * \tfrac{1}{4}}$$

The above variables are defined as follows:

Variable	Unit	Definition

BPDAMT $_{q, r, p, i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource or Controllable Load Resource *r* at Settlement Point *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*.
RTSPP $_{p, i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
ATPC $_{q, r, p, i}$	MWh	*Average Telemetered Power Consumption per QSE per Settlement Point per Controllable Load Resource*—The average telemetered power consumption of the Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
AABP $_{q, r, p, i}$	MW	*Adjusted Aggregated Base Point per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments of Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
AVGTPC5M $_{q, r, p, i, y}$	MW	*Average Telemetered Power Consumption for the 5 Minutes*—The average telemetered power consumption of Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
OCONSM $_{q, r, p, i}$	MW	*Over-Consumption Volumes per QSE per Settlement Point per Controllable Load Resource*—The amount over-consumed by the Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* for the 15-minute Settlement Interval *i*.
KP1	None	The coefficient applied to the Settlement Point Price for over-consumption charge, 1.0.
PRZ1	$/MWh	The price to use for the charge calculation when RTSPP is greater than -$20, -$20/MWh.
KLR1		The percentage tolerance for over-consumption of a Controllable Load Resource, XO%.
QLR1	MW	The MW tolerance for over-consumption of a Controllable Load Resource, YO MW.
q	none	A QSE.
p	none	A Settlement Point.
r	None	A Controllable Load Resource.
i	none	A 15-minute Settlement Interval.
y	none	A five-minute clock interval in the Settlement Interval.

[NPRR555: Insert Section 6.6.5.1.1.4 below upon system implementation:]

6.6.5.1.1.4 Controllable Load Resource Base Point Deviation Charge for Under Consumption

(1) ERCOT shall charge a QSE for a Controllable Load Resource for under-consumption if the average telemetered power consumption is below than the lesser of:

(a) [100-XU]% of the average of the Base Points in the Settlement Interval adjusted for any Ancillary Service deployments; or

(b) The average of the Base Points in the Settlement Interval adjusted for any Ancillary

Service deployments minus YU MW.

(2) The Controllable Load Resource Base Point Deviation Charge for under-consumption variables XU and YU shall be subject to review and approval by TAC and shall be posted to the MIS Public Area no later than three Business Days after TAC approval.

(3) The charge to each QSE for non-excused under-consumption of each Controllable Load Resource during a 15-minute Settlement Interval in which the Controllable Load Resource has received a Base Point is calculated as follows:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{Max}(\mathbf{PRZ2}, \mathbf{RTSPP}_{p,i}) * \mathbf{UCONSM}_{q,r,p,i}$$

Where:

$$\mathbf{UCONSM}_{q,r,p,i} = \mathbf{Max}[0, [\mathbf{Min}((1 - \mathbf{KLR2}) * ¼ * \mathbf{AABP}_{q,r,p,i}), ¼ * (\mathbf{AABP}_{q,r,p,i} - \mathbf{QLR2})) - \mathbf{ATPC}_{q,r,p,i}]]$$

$$\mathbf{ATPC}_{q,r,p,i} = (\sum_{y} (\mathbf{AVGTPC5M}_{q,r,p\,i,y,}) / 3) * ¼$$

The above variables are defined as follows:

Variable	Unit	Definition
$BPDAMT_{q,r,p,i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource or Controllable Load Resource *r* at Settlement Point *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*.
$RTSPP_{p,i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$ATPC_{q,r,p,i}$	MWh	*Average Telemetered Power Consumption per QSE per Settlement Point per Controllable Load Resource*—The average telemetered power consumption of the Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$AABP_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments of Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$AVGTPC5M_{q,r,p,i,y}$	MW	*Average Telemetered Power Consumption for the 5 Minutes*—The average telemetered power consumption of Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
$UCONSM_{q,r,p,i}$	MW	*Under Consumption Volumes per QSE per Settlement Point per Controllable Load Resource*—The amount under-consumed by the Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* for the 15-minute Settlement Interval *i*.
PRZ2	$/MWh	The price to use for the Base Point Deviation Charge for under-consumption calculation when RTSPP is less than $20/MWh, $20/MWh.
KLR2		The percentage tolerance for under-consumption of a Controllable Load Resource, XU%.
QLR2	MW	The MW tolerance for under-consumption of a Controllable Load Resource, YU MW.
q	none	A QSE.

p	none	A Settlement Point.
r	None	A Controllable Load Resource.
i	none	A 15-minute Settlement Interval.
y	none	A five-minute clock interval in the Settlement Interval.

6.6.5.2 IRR Generation Resource Base Point Deviation Charge

(1) ERCOT shall charge a QSE for an IRR a Base Point Deviation Charge if the IRR metered generation is more than 10% above its Adjusted Aggregated Base Point and the flag signifying that the IRR has received a Base Point below the High Dispatch Limit (HDL) used by SCED has been received.

(2) The charge to each QSE for non-excused over-generation of each IRR that is not included in a Wind-powered Generation Resource (WGR) Group at each Resource Node Settlement Point during a 15-minute Settlement Interval, is calculated as follows:

If the flag signifying that the IRR has received a Base Point below the HDL used by SCED is not set in all SCED intervals within the 15-minute Settlement Interval:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{0}$$

Otherwise, if the flag signifying that the IRR has received a Base Point below the HDL used by SCED is set in all SCED intervals within the 15-minute Settlement Interval:

$$\mathbf{BPDAMT}_{q,r,p,i} = \mathbf{Max\ (PR1, RTSPP}_{p,i}\mathbf{)} * \mathbf{OGENIRR}_{q,r,p,i}$$

Where:

$$OGENIRR_{q,r,p,i} = Max\ [0, TWTG_{q,r,p,i} - ¼ * AABP_{q,r,p,i} * (1 + KIRR)]$$

$$TWTG_{q,r,p,i} = (\sum_{y} (AVGTG5M_{q,r,p,i,y}) / 3) * ¼$$

(3) The charge to each QSE for non-excused over-generation of each WGR that is included in a WGR Group, at each Resource Node Settlement Point, if the Real-Time metered generation is greater than the upper tolerance during a 15-minute Settlement Interval, is calculated as follows:

If the flag signifying that the IRR has received a Base Point below the HDL used by SCED is not set in all SCED intervals within the 15-minute Settlement Interval for any of the WGRs within a WGR Group, then for all WGRs within a WGR Group:

$$\mathbf{BPDAMT}_{q,r,p} = \mathbf{0}$$

If the flag signifying that the WGR has received a Base Point below the HDL used by SCED is set in all SCED intervals within the 15-minute Settlement Interval for any of the WGRs within a WGR Group, then the deviation penalty is determined for the WGR Group and evenly allocated and charged to each WGR within that WGR Group:

BPDAMT $_{q, r, p}$ = [Max (PR1, RTSPP$_p$) * OGENIRR $_{q, wg, i}$] / N

Where:

$$OGENIRR_{q, wg, i} = \text{Max}\ [0, TWTG_{q, wg, i} - ¼ * AABP_{q, wg, i} * (1 + KIRR)]$$

$$TWTG_{q, wg, i} = \sum_{r} (TWTG_{q, r, p, i})$$

$$AABP_{q,wg, i} = \sum_{r} (AABP_{q, r, p, i})$$

The above variables are defined as follows:

Variable	Unit	Definition
BPDAMT $_{q, r, p, i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*.
RTSPP $_{p, i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Resource Node *p*, for the 15-minute Settlement Interval *i*.
TWTG $_{q, r, p, i}$	MWh	*Time-Weighted Telemetered Generation per QSE per Settlement Point per Resource*—The telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*.
AABP $_{q, r, p, i}$	MW	*Adjusted Aggregated Base Point Generation per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments, of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*.
AVGTG5M $_{q, r, p, i, y}$	MW	*Average Telemetered Generation for the 5 Minutes*—The average telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
OGENIRR $_{q, r, p, i}$	MW	*Over Generation Volumes per QSE per Settlement Point per IRR Generation Resource*—The amount over generated by the IRR *r* represented by QSE *q* at Resource Node *p* for the 15-minute Settlement Interval *i*.
PR1	$/MWh	The price to use for the charge calculation when RTSPP is less than $20.
KIRR		The percentage tolerance for over-generation of an IRR, 10%.
N	none	The number of WGRs within a WGR Group.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	An IRR Generation Resource or a WGR within a WGR Group.
i	none	A 15-minute Settlement Interval.
y	none	A five-minute clock interval in the Settlement Interval.
wg	none	A WGR Group.

[NPRR555: Replace paragraph (3) above with the following upon system implementation:]

(3) The charge to each QSE for non-excused over-generation of each WGR that is included in a WGR Group, at each Resource Node Settlement Point, if the Real-Time metered generation is greater than the upper tolerance during a 15-minute Settlement Interval, is calculated as follows:

If the flag signifying that the IRR has received a Base Point below the HDL used by SCED is

not set in all SCED intervals within the 15-minute Settlement Interval for any of the WGRs within a WGR Group, then for all WGRs within a WGR Group:

$$\mathbf{BPDAMT}_{q,r,p} = \mathbf{0}$$

If the flag signifying that the WGR has received a Base Point below the HDL used by SCED is set in all SCED intervals within the 15-minute Settlement Interval for any of the WGRs within a WGR Group, then the deviation penalty is determined for the WGR Group and evenly allocated and charged to each WGR within that WGR Group:

$$\mathbf{BPDAMT}_{q,r,p} = [\mathbf{Max}(\mathbf{PR1}, \mathbf{RTSPP}_p) * \mathbf{OGENIRR}_{q,wg,i}] / \mathbf{N}$$

Where:

$$\text{OGENIRR}_{q,wg,i} = \text{Max}[0, \text{TWTG}_{q,wg,i} - \tfrac{1}{4} * \text{AABP}_{q,wg,i} * (1 + \text{KIRR})]$$

$$\text{TWTG}_{q,wg,i} = \sum_r (\text{TWTG}_{q,r,p,i})$$

$$\text{AABP}_{q,wg,i} = \sum_r (\text{AABP}_{q,r,p,i})$$

The above variables are defined as follows:

Variable	Unit	Definition
$\text{BPDAMT}_{q,r,p,i}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval *i*.
$\text{RTSPP}_{p,i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Resource Node *p*, for the 15-minute Settlement Interval *i*.
$\text{TWTG}_{q,r,p,i}$	MWh	*Time-Weighted Telemetered Generation per QSE per Settlement Point per Resource*—The telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*.
$\text{AABP}_{q,r,p,i}$	MW	*Adjusted Aggregated Base Point Generation per QSE per Settlement Point per Resource*—The aggregated Base Point adjusted for Ancillary Service deployments, of Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
$\text{AVGTG5M}_{q,r,p,i,y}$	MW	*Average Telemetered Generation for the 5 Minutes*—The average telemetered generation of Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the five-minute clock interval *y*, within the 15-minute Settlement Interval *i*.
$\text{OGENIRR}_{q,r,p,i}$	MW	*Over Generation Volumes per QSE per Settlement Point per IRR Generation Resource*—The amount over generated by the IRR *r* represented by QSE *q* at Resource Node *p* for the 15-minute Settlement Interval *i*.
PR1	$/MWh	The price to use for the charge calculation when RTSPP is less than $20/MWh, $20/MWh.
KIRR		The percentage tolerance for over-generation of an IRR, 10%.
N	none	The number of WGRs within a WGR Group.
q	none	A QSE.
p	none	A Settlement Point.
r	none	An IRR Generation Resource or a WGR within a WGR Group.
i	none	A 15-minute Settlement Interval.
y	none	A five-minute clock interval in the Settlement Interval.
wg	none	A WGR Group.

6.6.5.3 Generators Exempt from Deviation Charges

(1) Generation Resource Base Point Deviation Charges do not apply to the following:

(a) Reliability Must-Run (RMR) Units;

(b) Dynamically Scheduled Resources (DSRs) (except as described in Section 6.4.2.2, Output Schedules for Dynamically Scheduled Resources);

(c) Qualifying Facilities (QFs) that do not submit an Energy Offer Curve for the Settlement Interval; or

(d) Quick Start Generation Resources (QSGRs) during the 15-minute Settlement Interval after the start of the first SCED interval in which the QSGR is deployed.

6.6.5.4 Base Point Deviation Payment

ERCOT shall pay the Base Point Deviation Charges collected from the QSEs representing Generation Resources to the QSEs representing Load based on LRS. The payment to each QSE for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LABPDAMT}_{q} = \mathbf{(-1) * BPDAMTTOT * LRS}_{q}$$

Where:

$$BPDAMTTOT = \sum_{q} BPDAMTQSETOT_{q}$$

$$BPDAMTQSETOT_{q} = \sum_{p} \sum_{r} BPDAMT_{q,r,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LABPDAMT_{q}$	$	*Load-Allocated Base Point Deviation Amount per QSE*—QSE *q*'s share of the total charge for all Generation Resources' Base Point deviations, based on LRS for the 15-minute Settlement Interval.
BPDAMTTOT	$	*Base Point Deviation Amount Total*—The total of Base Point Deviation Charges to all QSEs for all Generation Resources, for the 15-minute Settlement Interval.
$BPDAMTQSETOT_{q}$	$	*Base Point Deviation Amount QSE Total per QSE*—The total of Base Point Deviation Charges to QSE *q* for all Generation Resources represented by this QSE, for the 15-minute Settlement Interval.
$BPDAMT_{q,r,p}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource *r* at Resource Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval. A Base Point Deviation Charge is charged to the Combined Cycle Train for all Combined Cycle Generation Resources.
LRS_{q}	none	The LRS calculated for QSE *q* for the 15-minute Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
q	none	A QSE.
p	none	A Resource Node Settlement Point.

Variable	Unit	Definition
r	none	A Generation Resource.

[NPRR555: Replace Section 6.6.5.4 above with the following upon system implementation:]

6.6.5.4 Base Point Deviation Payment

ERCOT shall pay the Base Point Deviation Charges collected from the QSEs representing Resources to the QSEs representing Load based on LRS. The payment to each QSE for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LABPDAMT}_{q} = \mathbf{(-1) * BPDAMTTOT * LRS}_{q}$$

Where:

$$BPDAMTTOT = \sum_{q} BPDAMTQSETOT_{q}$$

$$BPDAMTQSETOT_{q} = \sum_{p} \sum_{r} BPDAMT_{q,r,p}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LABPDAMT_{q}$	$	*Load-Allocated Base Point Deviation Amount per QSE*—QSE *q*'s share of the total charge for all Resources' Base Point deviations, based on LRS for the 15-minute Settlement Interval.
BPDAMTTOT	$	*Base Point Deviation Amount Total*—The total of Base Point Deviation Charges to all QSEs for all Resources, for the 15-minute Settlement Interval.
$BPDAMTQSETOT_{q}$	$	*Base Point Deviation Amount QSE Total per QSE*—The total of Base Point Deviation Charges to QSE *q* for all Resources represented by this QSE, for the 15-minute Settlement Interval.
$BPDAMT_{q,r,p}$	$	*Base Point Deviation Charge per QSE per Settlement Point per Resource*—The charge to QSE *q* for Generation Resource or Controllable Load Resource *r* at Settlement Node *p*, for its deviation from Base Point, for the 15-minute Settlement Interval. A Base Point Deviation Charge is charged to the Combined Cycle Train for all Combined Cycle Generation Resources.
LRS_{q}	none	The LRS calculated for QSE *q* for the 15-minute Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
q	none	A QSE.
p	none	A Settlement Point.
r	none	A Generation Resource or Controllable Load Resource.

6.6.6 Reliability Must-Run Settlement

6.6.6.1 RMR Standby Payment

(1) The Standby Payment for RMR Service is paid to each QSE representing an RMR Unit for each RMR Unit for each contracted hour under performance requirements set forth in Section 22, Attachment B, Standard Form Reliability Must-Run Agreement, and other performance requirements in these Protocols. For Initial Settlement, the Standby Payment is the "Estimated Standby Cost" stated in the RMR Agreement. For Final and True-Up Settlements, the Standby Payment is based on the RMR Unit's actual Eligible Cost.

(2) The Standby Payment to each QSE for each RMR Unit for each hour is calculated as follows:

$$\mathbf{RMRSBAMT}_{q,r} = \mathbf{(-1) * RMRSBPR}_{q,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMRSBAMT_{q,r}$	$	*Reliability Must Run Standby Payment per QSE per Resource by hour*—The Standby Payment to QSE *q* for RMR Unit *r*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRSBPR_{q,r}$	$ per hour	*Reliability Must Run Standby Price per QSE per Resource by hour*—The hourly standby cost for RMR Unit *r* represented by QSE *q*, for the hour. See item (3) below. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.

(3) For the Initial Settlement and resettlements executed before true-up and before actual cost data is submitted, the standby price of an RMR Unit is the "Estimated Standby Cost" stated in the RMR Agreement. For other resettlements, the standby price of an RMR Unit for each hour is calculated as follows:

$$\mathbf{RMRSBPR}_{q,r} = \mathbf{RMRMNFC}_{q,r} / \mathbf{MH}_{q,r} * (1 + \mathbf{RMRIF} * \mathbf{RMRCRF}_{q,r} * \mathbf{RMRARF}_{q,r})$$

Where:

RMR Capacity Reduction Factor

If $(RMRTCAPA_{q,r} + RMRTCAP_{q,r} \geq RMRCCAP_{q,r})$, then $RMRCRF_{q,r} = 1$

Otherwise

$$RMRCRF_{q,r} = \text{Max}\,(0, 1 - 2 * (RMRCCAP_{q,r} - RMRTCAP_{q,r}) / RMRCCAP_{q,r})$$

RMR Availability Reduction Factor

If $(RMRHREAF_{q,r} \geq RMRTA_{q,r})$, then $RMRARF_{q,r} = 1$

Otherwise

$$RMRARF_{q,r} = \text{Max}(0, 1 - (RMRTA_{q,r} - RMRHREAF_{q,r}) * 2)$$

RMR Hourly Rolling Equivalent Availability Factor

If ($RMREH_{q,r} < 4380$)

$$RMRHREAF_{q,r} = 1$$

Otherwise

$$RMRHREAF_{q,r} = \left(\sum_{hr=h-4379}^{h} RMRAFLAG_{q,r,hr}\right) / 4380$$

Availability for a Combined Cycle Train will be determined pursuant to contractual terms but no more than once per hour.

The above variables are defined as follows:

Variable	Unit	Definition
$RMRSBPR_{q,r}$	$ per hour	*Reliability Must-Run Standby Price per QSE per Resource by hour*—The hourly standby cost for RMR Unit *r* respresnted by QSE *q*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRARF_{q,r}$	none	*Reliability Must-Run Availability Reduction Factor per QSE per Resource by hour*—The availability reduction factor of RMR Unit *r* represented by QSE *q*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRCRF_{q,r}$	none	*Reliability Must-Run Capacity Reduction Factor per QSE per Resource by hour*—The capacity reduction factor of the RMR Unit, for the hour. See paragraph (2) of Section 3.14.1.13, Incentive Factor. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRCCAP_{q,r}$	MW	*Reliability Must-Run Contractual Capacity per QSE per Resource*—The capacity of RMR Unit *r* represented by QSE *q* as specified in the RMR Agreement. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRTCAP_{q,r}$	MW	*Reliability Must-Run Testing Capacity by hour*—The testing capacity of RMR Unit *r* represented by QSE *q*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRTA_{q,r}$	none	*Reliability Must-Run Target Availability per QSE per Resource*—The Target Availability of RMR Unit *r* represented by QSE *q*, as specified in the RMR Agreement and divided by 100 to convert a percentage to a fraction. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRHREAF_{q,r}$	none	*Reliability Must-Run Hourly Rolling Equivalent Availability Factor per QSE per Resource by hour*—The equivalent availability factor of RMR Unit *r* represented by QSE *q* over 4380 hours, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMREH_{q,r}$	none	*Reliability Must-Run Elapsed number of Hours per QSE per Resource by hour*—The number of the elapsed hours of the term of the RMR Agreement for RMR Unit *r* represented by QSE *q*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRMNFC_{q,r}$	$	*Reliability Must-Run Monthly Non-Fuel Cost per QSE per Resource*—The actual non-fuel eligible cost of RMR Unit *r* represented by QSE *q*, for the month. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.

Variable	Unit	Definition
$MH_{q, r}$	hour	*Number of Hours in the Month per QSE per Resource*—The total number of hours of the month, when RMR Unit *r* represented by QSE *q* is under an RMR Agreement. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
RMRIF	none	*Reliability Must Run Incentive Factor*—The Incentive Factor of RMR Units under RMR Agreement.
$RMRARF_{q, r}$	none	*Reliability Must-Run Availability Reduction Factor per QSE per Resource by hour*—The availability reduction factor of RMR Unit *r* represented by QSE *q*, as calculated for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRAFLAG_{q, r, hr}$	none	*RMR Availability Flag per QSE per Resource by hour*—The flag of the availability of RMR Resource *r* represented by QSE *q*, 1 for available and 0 for unavailable, for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RMRTCAPA_{q, r}$	MW	*Reliability Must-Run Testing Capacity Adjustment by hour*—The testing capacity adjustment factor, in the event an ERCOT Operator has deemed that a RMR Unit's Tested Capacity did not materially affect the reliability of the ERCOT System, of an RMR Unit *r* represented by QSE *q*, for the hour. See paragraph (2) of Section 3.14.1.13. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.
hr	none	The index for a given hour and all the previous 4379 hours.
4380	none	The number of hours in a six-month period.

(4) The total of the Standby Payments to each QSE for all RMR Units represented by this QSE for a given hour is calculated as follows:

$$\mathbf{RMRSBAMTQSETOT}_{q} = \sum_{r} \mathbf{RMRSBAMT}_{q, r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMRSBAMTQSETOT_{q}$	$	*Reliability Must-Run Standby Amount QSE Total per QSE*—The total of the Standby Payments to QSE *q* for all RMR Units represented by this QSE for the hour.
$RMRSBAMT_{q, r}$	$	*Reliability Must-Run Standby Payment per QSE per Resource*—The Standby Payment to QSE *q* for RMR Unit *r*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.

6.6.6.2 RMR Payment for Energy

(1) Payment for energy on the Initial Settlement and settlements executed before true-up and before actual cost data is submitted must be calculated using the estimated input/output curve and startup fuel as specified in the RMR Agreement, the actual energy produced and the FIP. The payment for energy for all other settlements must be based on actual

fuel costs for the RMR Unit. The payment for energy for each hour is calculated as follows:

$$\mathbf{RMREAMT}_{q,r} = \mathbf{(-1) * ((FIP + RMRCEFA}_{q,r}\mathbf{) * RMRSUFQ}_{q,r} \mathbf{/ RMRH}_{q,r}\mathbf{) * RMRALLOCFLAG}_{q,r} + \sum_{i=1}^{4} \mathbf{(((FIP + RMRCEFA}_{q,r}\mathbf{) * RMRHR}_{q,r,i} \mathbf{+ RMRVCC}_{q,r}\mathbf{) * RTMG}_{q,r,i}\mathbf{)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMREAMT_{q, r}$	$	*Reliability Must-Run Energy Amount per QSE per Resource by hour*—The energy payment to QSE *q* for RMR Unit *r*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
FIP	$/MMBtu	*Fuel Index Price*—The FIP for the Operating Day.
$RMRSUFQ_{q, r}$	MMBtu	*Reliability Must-Run Startup Fuel Quantity per QSE per Resource*—The Estimated Start Up Fuel specified in the RMR Agreement for RMR Unit *r* represented by QSE *q*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRH_{q, r,h}$	hour	*Reliability Must-Run Hours*—The number of hours during which RMR Unit *r* represented by QSE *q* is instructed On-Line for the Operating Day. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRALLOCFLAG_{q, r}$	none	*Reliability Must-Run Startup Flag per QSE per Resource by hour*—The number that indicates whether or not the startup fuel cost of RMR Unit *r* represented by QSE *q* is allocated to the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train. The startup fuel cost will be allocated equally to all contiguous intervals for which there is an eligible start. The $RMRALLOCFLAG_{q, r}$ value is 1 if the startup fuel cost is allocated; otherwise, its value is 0. The $RMRALLOCFLAG_{q, r}$ for eligibility is determined in Sections 5.6.2, RUC Startup Cost Eligibility, and 5.6.3, Forced Outage of a RUC-Committed Resource, for start-up payments and commitments in either the Reliability Unit Commitment (RUC) or DAM.
$RMRHR_{q, r, i}$	MMBtu /MWh	*Reliability Must-Run Heat Rate per QSE per Resource by Settlement Interval by hour*—The multiplier determined based on the input/output curve and the Real-Time generation of RMR Unit *r* represented by QSE *q*, for the 15-minute Settlement Interval *i* in the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRVCC_{q, r}$	$/MWh	*Reliability Must-Run Variable Cost Component per QSE per Resource*—The monthly cost component that is used to adjust the energy cost calculation to reflect the actual fuel costs of RMR Unit *r* represented by QSE *q*. The value is initially set to zero. For resettlements, see item (2) below. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RTMG_{q, r, i,}$	MWh	*Real-Time Metered Generation per QSE per Resource by Settlement Interval by hour*—The Real-Time energy from RMR Unit *r* represented by QSE *q*, for the 15-minute Settlement Interval *i* in the hour *h*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRCEFA_{q, r}$	$/MMBtu	*Reliability Must-Run Contractual Estimated Fuel Adder*—The Estimated Fuel Adder that is contractually agreed upon in Section 22, Attachment B, Standard Form Reliability Must-Run Agreement. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train. The fuel adder will be subsequently trued up to reflect actual fuel costs as set forth in item (1) above.

Variable	Unit	Definition
q	none	A QSE.
r	none	An RMR Unit.
i	none	A 15-minute Settlement Interval.

(2) If the RMR actual fuel cost is filed in accordance with the timeline in these Protocols, the monthly RMR variable cost component is calculated for the subsequent resettlements as follows:

$$\mathbf{RMRVCC}_{q,r} = (\mathbf{RMRMFCOST}_{q,r} + \sum_{h} \mathbf{RMREAMT}_{q,r,f,h}) / (\sum_{i} \mathbf{RTMG}_{q,r,i})$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMRVCC_{q,r}$	$/MWh	*Reliability Must-Run Variable Cost Component per QSE per Resource*—The monthly cost component that is used to adjust the energy cost calculation to reflect the actual fuel costs of RMR Unit *r* represented by QSE *q*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRMFCOST_{q,r}$	$	*Reliability Must-Run Monthly actual Fuel Cost per QSE per Resource*—The monthly actual fuel cost of RMR Unit *r* represented by QSE *q*, for the month. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RTMG_{q,r,i}$	MWh	*Real-Time Metered Generation per QSE per Resource by Settlement Interval*—The Real-Time energy from RMR Unit *r* represented by QSE *q* for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMREAMT_{q,r,f,h}$	$	*Reliability Must-Run Energy Amount per QSE per Resource by hour*—The energy payment to QSE *q* for RMR Unit *r*, for the hour *h*, from the former Settlement Statement *f*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.
h	none	An hour in the month.
i	none	A 15-minute Settlement Interval in the month.
f	none	Amount from former settlement run.

(3) The total of the payments for energy to each QSE for all RMR Units represented by this QSE for a given hour is calculated as follows:

$$\mathbf{RMREAMTQSETOT}_{q} = \sum_{r} \mathbf{RMREAMT}_{q,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMREAMTQSETOT_{q}$	$	*Reliability Must-Run Energy Amount QSE Total per QSE*—The total of the energy payments to QSE *q* for all RMR Units represented by this QSE for the hour.
$RMREAMT_{q,r}$	$	*Reliability Must-Run Energy Amount per QSE per Resource by hour*—

		The energy payment to QSE *q* for RMR Unit *r*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.

6.6.6.3 RMR Adjustment Charge

(1) Each QSE that represents an RMR Unit shall pay a charge designed to recover the net total revenues from RUC settlements, and from Real-Time settlements received by that QSE for all RMR Units that it represents, except that the charge does not include net revenues received by the QSE for the RMR Standby Payments calculated under Section 6.6.6.1, RMR Standby Payment, and the RMR energy payments calculated under Section 6.6.6.2, RMR Payment for Energy.

(2) The charge for each QSE representing an RMR Unit for a given Operating Hour is calculated as follows:

$$\mathbf{RMRAAMT}_{q} = \mathbf{(-1) * [} \sum_{p} \sum_{r} \mathbf{(((-1) *} \sum_{i=1}^{4} \mathbf{(RTMG}_{q,r,p,i} \mathbf{* RTSPP}_{p,i}\mathbf{)) +} \sum_{i=1}^{4} \mathbf{EMREAMT}_{q,r,p,i} \mathbf{+ RUCMWAMT}_{q,r,p} \mathbf{+ RUCCBAMT}_{q,r,p} \mathbf{+ RUCDCAMT}_{q,r,p} \mathbf{+} \sum_{i=1}^{4} \mathbf{VSSEAMT}_{q,r,p,i} \mathbf{+} \sum_{i=1}^{4} \mathbf{VSSVARAMT}_{q,r,i}\mathbf{)]}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMRAAMT_{q}$	$	*RMR Adjustment Charge per QSE*—The adjustment from QSE *q* Standby Payments and energy payments for all RMR Units represented by this QSE, for the revenues received for the same RMR Units from RUC and Real-Time operations, for the hour.
$EMREAMT_{q,r,p,i}$	$	*Emergency Energy Amount per QSE per Settlement Point per unit per interval*—The payment to QSE *q* for the additional energy produced by RMR Unit *r* at Resource Node *p* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval *i*. Payment for emergency energy is made to the Combined Cycle Train.
$RUCMWAMT_{q,r,p}$	$	*RUC Make-Whole Amount per QSE per Settlement Point per unit*—The amount calculated for RMR Unit *r* committed in RUC at Resource Node *p* to make whole the Startup Cost and minimum-energy cost of this unit, for the hour. See Section 5.7.1, RUC Make-Whole Payment. When one or more Combined Cycle Generation Resources are committed by RUC, payment is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
$RUCCBAMT_{q,r}$	$	*RUC Clawback Charge per QSE per unit*—The RUC Clawback Charge to QSE *q* for RMR Unit *r*, for the hour. See Section 5.7.2, RUC Clawback Charge. When one or more Combined Cycle Generation Resources are committed by RUC, a charge is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.

Variable	Unit	Definition
RUCDCAMT $_{q, r, p}$	$	*RUC Decommitment Amount per QSE per Settlement Point per unit*—The amount calculated for RMR Unit *r* at Resource Node *p* represented by QSE *q* due to ERCOT de-commitment, for the hour. When one or more Combined Cycle Generation Resources are decommitted by RUC, payment is made to the Combined Cycle Train for all RUC-decommitted Combined Cycle Generation Resources.
VSSEAMT $_{q, r, p, i}$	$	*Voltage Support Service Energy Amount per QSE per Settlement Point per unit per interval* —The compensation to QSE *q* for ERCOT-directed power reduction from RMR Unit *r* at Resource Node *p* to provide Voltage Support Service (VSS), for the 15-minute Settlement Interval *i*. Payment for VSS is made to the Combined Cycle Train.
VSSVARAMT $_{q, r, i}$	$	*Voltage Support Service VAr Amount per QSE per Unit*—The payment to QSE *q* for the VSS provided by RMR Unit *r*, for the 15-minute Settlement Interval *i*. Payment for VSS is made to the Combined Cycle Train.
RTSPP $_{p, i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*.
RTMG $_{q, r, p, i}$	MWh	*Real-Time Metered Generation per QSE per Settlement Point per Resource*—The Real-Time energy produced by the Generation Resource *r* represented by QSE *q* at Resource Node *p*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	An RMR Unit.
i	none	A 15-minute Settlement Interval in the hour.

[NPRR419: Replace paragraph (2) above with the following upon system implementation:]

(2) The charge for each QSE representing an RMR Unit for a given Operating Hour is calculated as follows:

$$\mathbf{RMRAAMT}_{q} = \mathbf{(-1) * [} \sum_{p} \sum_{r} \mathbf{((-1) * RESREV}_{q, r, gsc, p} + \sum_{i=1}^{4} \mathbf{EMREAMT}_{q, r, p, i} + \mathbf{RUCMWAMT}_{q, r, p} + \mathbf{RUCCBAMT}_{q, r, p} + \mathbf{RUCDCAMT}_{q, r, p} + \sum_{i=1}^{4} \mathbf{VSSEAMT}_{q, r, p, i} + \sum_{i=1}^{4} \mathbf{VSSVARAMT}_{q, r, i}\mathbf{)]}$$

The above variables are defined as follows:

Variable	Unit	Definition
RMRAAMT $_{q}$	$	*RMR Adjustment Charge per QSE*—The adjustment from QSE *q* Standby Payments and energy payments for all RMR Units represented by this QSE, for the revenues received for the same RMR Units from RUC and Real-Time operations, for the hour.

EMREAMT $_{q, r, p, i}$	$	*Emergency Energy Amount per QSE per Settlement Point per unit per interval*—The payment to QSE *q* for the additional energy produced by RMR Unit *r* at Resource Node *p* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval *i*. Payment for emergency energy is made to the Combined Cycle Train.
RESREV $_{q, r, gsc, p}$	$	*Resource Share Revenue Settlement Payment*—The RMR Resource share of the total payment to the entire Facility with a net metering arrangement attributed to Resource *r* that is part of a generation site code *gsc* for the QSE *q* at Settlement Point *p*.
RUCMWAMT $_{q, r, p}$	$	*RUC Make-Whole Amount per QSE per Settlement Point per unit*—The amount calculated for RMR Unit *r* committed in RUC at Resource Node *p* to make whole the Startup Cost and minimum-energy cost of this unit, for the hour. See Section 5.7.1, RUC Make-Whole Payment. When one or more Combined Cycle Generation Resources are committed by RUC, payment is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
RUCCBAMT $_{q, r}$	$	*RUC Clawback Charge per QSE per unit*—The RUC Clawback Charge to QSE *q* for RMR Unit *r*, for the hour. See Section 5.7.2, RUC Clawback Charge. When one or more Combined Cycle Generation Resources are committed by RUC, a charge is made to the Combined Cycle Train for all RUC-committed Combined Cycle Generation Resources.
RUCDCAMT $_{q, r, p}$	$	*RUC Decommitment Amount per QSE per Settlement Point per unit*—The amount calculated for RMR Unit *r* at Resource Node *p* represented by QSE *q* due to ERCOT de-commitment, for the hour. When one or more Combined Cycle Generation Resources are decommitted by RUC, payment is made to the Combined Cycle Train for all RUC-decommitted Combined Cycle Generation Resources.
VSSEAMT $_{q, r, p, i}$	$	*Voltage Support Service Energy Amount per QSE per Settlement Point per unit per interval* —The compensation to QSE *q* for ERCOT-directed power reduction from RMR Unit *r* at Resource Node *p* to provide Voltage Support Service (VSS), for the 15-minute Settlement Interval *i*. Payment for VSS is made to the Combined Cycle Train.
VSSVARAMT $_{q, r, i}$	$	*Voltage Support Service VAr Amount per QSE per Unit*—The payment to QSE *q* for the VSS provided by RMR Unit *r*, for the 15-minute Settlement Interval *i*. Payment for VSS is made to the Combined Cycle Train.
q	none	A QSE.
gsc	none	A generation site code.
p	none	A Resource Node Settlement Point.
r	none	An RMR Unit.
i	none	A 15-minute Settlement Interval in the hour.

6.6.6.4 RMR Charge for Unexcused Misconduct

(1) If a Misconduct Event, as defined in the RMR Agreement, is not excused as provided in the RMR Agreement, then ERCOT shall charge the QSE that represents the RMR Unit an unexcused misconduct amount of $10,000 for each unexcused Misconduct Event as follows:

$$\mathbf{RMRNPAMT}_{q,r} = \mathbf{\$10{,}000 * RMRNPFLAG}_{q,r}$$

The above variable is defined as follows:

Variable	Unit	Definition
$RMRNPAMT_{q,r}$	$	*Reliability Must-Run Unexcused Misconduct Charge per QSE per Resource*—The charge to QSE *q* for the unexcused Misconduct Event of RMR Unit *r* for an Operating Day. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$RMRNPFLAG_{q,r}$	$	*Reliability Must-Run Non-Performance Flag per QSE per Resource*—A flag for the QSE *q* for the unexcused Misconduct Event of RMR Unit *r* for an Operating Day. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.

(2) The total of the charges to each QSE for unexcused Misconduct Events of all RMR Units represented by this QSE for a given Operating Day is calculated as follows:

$$\mathbf{RMRNPAMTQSETOT}_{q} = \sum_{r} \mathbf{RMRNPAMT}_{q,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$RMRNPAMTQSETOT_{q}$	$	*Reliability Must-Run Unexcused Misconduct Amount QSE Total per QSE*—The total of the charges to QSE *q* for unexcused Misconduct Events of the RMR Units represented by this QSE for the Operating Day.
$RMRNPAMT_{q,r}$	$	*Reliability Must-Run Unexcused Misconduct Charge per QSE per Resource*—The charge to QSE *q* for the unexcused Misconduct Event of RMR Unit *r* for the Operating Day. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	An RMR Unit.

6.6.6.5 RMR Service Charge

The total RMR cost for all RMR Units less the amount received from DAM, RUC processes and Real-Time operations for all RMR Units is allocated to the QSEs representing Loads based on LRS. The RMR Service charge to each QSE for a given hour is calculated as follows:

$$\mathbf{LARMRAMT}_{q} = \mathbf{(-1) * (RMRSBAMTTOT + RMREAMTTOT + RMRAAMTTOT} - \sum_{i=1}^{4} \mathbf{RMRDAESRTVTOT}_{i} - \mathbf{(RMRDAEREVTOT + RMRDAMWREVTOT) + RMRNPAMTTOT / H) * HLRS}_{q}$$

Where:

RMR Standby Amount Total

$$RMRSBAMTTOT = \sum_{q} RMRSBAMTQSETOT_{q}$$

RMR Energy Amount Total

$$RMREAMTTOT = \sum_{q} RMREAMTQSETOT_{q}$$

RMR Adjustment Charge Total

$$RMRAAMTTOT = \sum_{q} RMRAAMT_{q}$$

RMR Non-Performance Amount Total

$$RMRNPAMTTOT = \sum_{q} RMRNPAMTQSETOT_{q}$$

Total Day-Ahead energy revenue for all RMR Units

$$RMRDAEREVTOT = \sum_{q} \sum_{r} \sum_{p} DAEREV_{q, r, p}$$

$$DAEREV_{q, r, p} = (-1) * DASPP_{p} * DAESR_{q, r, p}$$

Total Real-Time value of Day-Ahead energy for all RMR Units by interval

$$RMRDAESRTVTOT_{i} = \sum_{q} \sum_{r} \sum_{p} DAESRTV_{q, r, p, i}$$

$$DAESRTV_{q, r, p, i} = RTSPP_{p, i} * (DAESR_{q, r, p} * ¼)$$

Total Real-Time value of Day-Ahead Make-Whole Revenue for all RMR units by interval

$$RMRDAMWREVTOT_{i} = DAMWRMRREVQSETOT$$

The above variables are defined as follows:

Variable	Unit	Definition
$LARMRAMT_{q}$	$	*Load-Allocated Reliability Must-Run Amount per QSE*—The amount charged to QSE *q* based on its LRS of the difference between the amount paid to all QSEs for RMR Service under Section 6.6.6, Reliability Must-Run Settlement, and the amount that would have been paid to the QSEs for the same RMR Units if they were not providing RMR Service under the other parts of this Section 6, Adjustment Period and Real-Time Operations, Section 5, Transmission Security Analysis and Reliability Unit Commitment, and Section 4, Day-Ahead Operations, for the hour.
RMRSBAMTTOT	$	*RMR Standby Amount Total*—The total of the Standby Payments to all QSEs for all RMR Units, for the hour.
RMREAMTTOT	$	*RMR Energy Amount Total*—The total of the energy cost payments to all QSEs for all RMR Units, for the hour.
RMRAAMTTOT	$	*RMR Adjusted Amount Total*—The total of the adjusted amounts from all QSEs representing RMR Units for the revenues received for these units from RUC, Real-Time operations and Ancillary Service markets, for the hour.
RMRNPAMTTOT	$	*RMR Non-Performance Amount Total*—The total of the charges to all QSEs for unexcused Misconduct Events of all RMR Units, for the Operating Day.
RMRDAEREVTOT	$	*RMR Day-Ahead Energy Revenue Total*—The total of the revenues for the offers cleared in the DAM for all RMR Units, for the hour.

Variable	Unit	Definition
RMRDAESRTVTOT	$	*RMR Day-Ahead Energy Sale Real-Time Value Total*—The total of the Real-Time value of the offers cleared in the DAM for all RMR Units, for the hour.
RMRDAMWREVTOT	$	*RMR Day-Ahead Make-Whole Revenue Total*—The total of the RMR Day-Ahead Make-Whole Revenue for all DAM-committed RMR Units for the hour.
$HLRS_{q}$	none	The hourly LRS calculated for QSE *q* for the hour. See Section 6.6.2.3, QSE Load Ratio Share for an Operating Hour.
$RMRSBAMTQSETOT_{q}$	$	*Reliability Must-Run Standby Amount QSE Total per QSE*—The total of the Standby Payments to QSE *q* for the RMR Units represented by the same QSE for the hour.
$RMREAMTQSETOT_{q}$	$	*Reliability Must-Run Energy Amount QSE Total per QSE*—The total of the energy payments to QSE *q* for the RMR Units represented by the same QSE for the hour.
$RMRAAMT_{q}$	$	*RMR Adjusted Amount per QSE*—The adjustment from QSE *q* Standby Payments and energy payments for all RMR Units represented by this QSE, for the revenues received for the same RMR Units from RUC and Real-Time operations, for the hour.
$RMRNPAMTQSETOT_{q}$	$	*Reliability Must-Run Unexcused Misconduct Amount QSE Total per QSE*—The total of the charges to QSE *q* for unexcused Misconduct Events of the RMR Units represented by the same QSE for the Operating Day.
$DAEREV_{q, r, p}$	$	*Day-Ahead Energy Revenue per QSE by Settlement Point per unit*—The revenue that ERCOT collects for the offer cleared in the DAM submitted for RMR Unit *r* at Resource Node *p* represented by QSE *q*, based on the DAM Settlement Point Price, for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DAESRTV_{q, r, p, i}$	$	*Day-Ahead Energy Sale Real-Time Value per QSE per Settlement Point per unit per interval*—The Real-Time value of the energy sold in the DAM from RMR Unit *r* at Resource Node *p* represented by QSE *q*, for the 15-minute Settlement Interval *i*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DASPP_{p}$	$/MWh	*Day-Ahead Settlement Point Price by Settlement Point*—The DAM Settlement Point Price at Resource Node *p* for the hour.
$RTSPP_{p, i}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point per interval*—The Real-Time Settlement Point Price at Resource Node *p*, for the 15-minute Settlement Interval *i*.
$DAESR_{q, r, p}$	MW	*Day-Ahead Energy Sale from Resource per QSE by Settlement Point per unit*—The amount of energy cleared through Three-Part Supply Offers in the DAM and/or DAM Energy-Only Offer Curves for RMR Unit *r* at Resource Node *p* represented by QSE *q* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$DAESR_{q, r, p, i}$	MW	*Day-Ahead Energy Sale from Resource per QSE by Settlement Point per unit per interval*—The amount of energy cleared through Three-Part Supply Offers in the DAM and/or DAM Energy-Only Offer Curves for Resource *r* at Resource Node *p* represented by QSE *q* for the hour that includes the 15-minute Settlement Interval *i*.

Variable	Unit	Definition
DAMWRMRREVQSETOT	$	*Day-Ahead Make-Whole RMR Revenue QSE Total per QSE*—The total of the Day-Ahead Make-Whole Revenue calculated for QSE *q* for DAM-committed RMR Units represented by this QSE for the hour.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	An RMR Unit.
i	none	A 15-minute Settlement Interval in the hour.
H	none	The number of hours of the Operating Day.

6.6.7 Voltage Support Settlement

6.6.7.1 Voltage Support Service Payments

(1) All other Generation Resources shall be eligible for compensation for Reactive Power production in accordance with Section 6.5.7.7, Voltage Support Service, only if ERCOT issues a Dispatch Instruction that results in the following unit operation:

(a) When ERCOT instructs the Generation Resource to exceed its Unit Reactive Limit (URL) and the Generation Resource provides additional Reactive Power, then ERCOT shall pay for the additional Reactive Power provided at a price that recognizes the avoided cost of reactive support Resources on the transmission network.

(b) Any real power reduction directed by ERCOT through VDIs to provide for additional reactive capability for voltage support must be compensated as a lost opportunity payment

(2) The payment for a given 15-minute Settlement Interval to each QSE representing a Generation Resource that operates in accordance with an ERCOT Dispatch Instruction is calculated as follows:

Depending on the Dispatch Instruction, payment for Volt-Amperes reactive (VAr):

If $VSSVARLAG_{q,r} > 0$

$$\mathbf{VSSVARAMT_{q,r}} = \mathbf{(-1) * VSSVARPR * VSSVARLAG_{q,r}}$$

If $VSSVARLEAD_{q,r} > 0$

$$\mathbf{VSSVARAMT_{q,r}} = \mathbf{(-1) * VSSVARPR * VSSVARLEAD_{q,r}}$$

Where:

$VSSVARLAG_{q,r}$ = Max [0, Min (¼ * $VSSVARIOL_{q,r}$, $RTVAR_{q,r}$) – (¼ * $URLLAG_{q,r}$)]

$$\text{VSSVARLEAD}_{q,r} = \text{Max}\{0, [(¼ * \text{URLLEAD}_{q,r}) - \text{Max}((¼ * \text{VSSVARIOL}_{q,r}), \text{RTVAR}_{q,r})]\}$$

$$\text{URLLAG}_{q,r} = 0.32868 * \text{HSL}_{q,r}$$

$$\text{URLLEAD}_{q,r} = (-1) * 0.32868 * \text{HSL}_{q,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$\text{VSSVARAMT}_{q,r}$	$	*Voltage Support Service VAr Amount per QSE per Generation Resource* - The payment to QSE *q* for the VSS provided by Generation Resource *r*, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
VSSVARPR	$/MVArh	*Voltage Support Service VAr Price* - The price for instructed MVAr beyond a Generation Resource's URL currently is $2.65/MVArh (based on $50.00/installed kVAr).
$\text{VSSVARLAG}_{q,r}$	MVArh	*Voltage Support Service VAr Lagging per QSE per Generation Resource* - The instructed portion of the Reactive Power above the Generation Resource's lagging URL for Generation Resource *r* represented by QSE *q*, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$\text{VSSVARLEAD}_{q,r}$	MVArh	*Voltage Support Service VAr Leading per QSE per Generation Resource* - The instructed portion of the Reactive Power below the Generation Resource's leading URL for Generation Resource *r* represented by QSE *q*, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$\text{VSSVARIOL}_{q,r}$	MVAr	*Voltage Support Service VAr Instructed Output Level per QSE per Generation Resource*—The instructed Reactive Power output level of Generation Resource *r* represented by QSE *q*, lagging Reactive Power if positive and leading Reactive Power if negative, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$\text{RTVAR}_{q,r}$	MVArh	*Real-Time VAr per QSE per Resource*—The netted Reactive Energy measured for Generation Resource *r* represented by QSE *q*, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$\text{URLLAG}_{q,r}$	MVAr	*Unit Reactive Limit Lagging per QSE per Resource*—The URL for lagging Reactive Power of the Generation Resource *r* represented by QSE *q* as determined in accordance with these Protocols. Its value is positive. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$\text{URLLEAD}_{q,r}$	MVAr	*Unit Reactive Limit Leading per QSE per Resource*—The URL for leading Reactive Power of the Generation Resource *r* represented by QSE *q* as determined in accordance with these Protocols. Its value is negative. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$\text{HSL}_{q,r}$	MW	*High Sustained Limit*—The HSL of a Generation Resource as defined in Section 2, Definitions, for the hour that includes the Settlement Interval *i*. Where for a combined cycle resource, *r* is a Combined Cycle Generation Resource.
q	none	A QSE.
r	none	A Generation Resource.

(3) The total additional compensation to each QSE for voltage support service for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{VSSVARAMTQSETOT_q} = \sum_r \mathbf{VSSVARAMT_{q,r}}$$

Variable	Unit	Definition
$VSSVARAMT_{q, r}$	$	*Voltage Support Service VAr Amount per QSE per Generation Resource*—The payment to QSE *q* for the VSS provided by Generation Resource *r*, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$VSSVARAMTQSETOT_q$	$	*Voltage Support VAr Amount QSE total per QSE*—The total of the payments to QSE *q* as compensation for VSS by this QSE for the 15-minute settlement interval.
q	none	A QSE.
r	none	A Generation Resource.

(4) The lost opportunity payment, if applicable:

$$\mathbf{VSSEAMT_{q,r} = (-1) * Max (0, RTSPP_p * Max (0, (HSL_{q,r} * ¼ - RTMG_{q,r})) – (RTICHSL_{q,r} – RTVSSAIEC_{q,r} * (RTMG_{q,r} - LSL_{q,r} * ¼)))}$$

Where:

$$RTICHSL_{q,r} = RTHSLAIEC_{q,r} * (¼ * HSL_{q,r} – ¼ * LSL_{q,r})$$

The above variables are defined as follows:

Variable	Unit	Definition
$VSSEAMT_{q, r}$	$	*Voltage Support Service Energy Amount per QSE per Generation Resource*—The lost opportunity payment to QSE *q* for ERCOT-directed VSS from Generation Resource r for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$RTMG_{q, r}$	MWh	*Real-Time Metered Generation per QSE per Resource*—The Real-Time metered generation of Generation Resource *r* represented by QSE *q*, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
$RTSPP_p$	$	*Real-Time Settlement Point Price*—The Real-Time SPP at the Resource Node for the 15-minute Settlement Interval.
$RTVSSAIEC_{q, r}$	$/MWh	*Real-Time Average Incremental Energy Cost per QSE per Resource*—The average incremental cost to operate (not subject to cost cap) the Generation Resource *r* represented by QSE *q* from its LSL to its metered MW output, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Generation Resource.
$RTICHSL_{q, r}$	$	*Real-Time Incremental Cost Corresponding with HSL per QSE per Resource*—The incremental cost to operate (not subject to cost cap) Generation Resource *r* represented by QSE *q* from its LSL to its HSL, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Generation Resource.

Variable	Unit	Definition
RTHSLAIEC $_{q, r}$	$/MWh	*Real-Time Average Incremental Energy Cost for the entire Energy Offer Curve through the HSL per QSE per Resource*—The average incremental cost to operate (not subject to cost cap) the Generation Resource *r* represented by QSE *q* from its LSL to its HSL, for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Generation Resource.
HSL $_{q, r}$	MW	*High Sustained Limit Generation per QSE per Settlement Point per Resource*—The HSL of Generation Resource *r* represented by QSE *q* at Resource Node p for the hour that includes the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Generation Resource.
LSL $_{q, r}$	MW	*Low Sustained Limit Generation per QSE per Settlement Point per Resource*—The LSL of Generation Resource *r* represented by QSE *q* at Resource Node p for the hour that includes the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Generation Resource.
q	none	A QSE.
r	none	A Generation Resource.
p	none	A Resource Node Settlement Point.

(5) The total of the payments to each QSE for ERCOT-directed power reduction to provide VSS for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{VSSEAMTQSETOT}_{q} = \sum_{r} \mathbf{VSSEAMT}_{q,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
VSSEAMTQSETOT $_{q}$	$	*Voltage Support Service Lost Opportunity Amount QSE Total per QSE*—The total of the lost opportunity payments to QSE *q* for providing VSS for providing ERCOT-directed VSS for the 15-minute Settlement Interval.
VSSEAMT $_{q, r}$	$	*Voltage Support Service Energy Amount per QSE per Settlement Point per Generation Resource*—The lost opportunity payment to QSE *q* for ERCOT-directed VSS from Generation Resource *r* for the 15-minute Settlement Interval for the 15-minute Settlement Interval. Where for a combined cycle resource, *r* is a Combined Cycle Train.
q	none	A QSE.
r	none	A Generation Resource.

6.6.7.2 Voltage Support Charge

ERCOT shall charge each QSE representing Load Serving Entities (LSEs) the total payment for VSS as specified in Section 6.6.7.1, Voltage Support Service Payments, based on a LRS. The charge to each QSE for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LAVSSAMT}_{q} = \mathbf{(-1) * (VSSVARAMTTOT + VSSEAMTTOT) * LRS}_{q}$$

Where:

$$VSSVARAMTTOT = \sum_{q} VSSVARAMTQSETOT_{q}$$

$$VSSEAMTTOT = \sum_{q} VSSEAMTQSETOT_{q}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LAVSSAMT_{q}$	$	*Load-Allocated Voltage Support Service Amount per QSE*—The charge to QSE *q* for VSS, for the 15-minute Settlement Interval.
VSSVARAMTTOT	$	*Voltage Support Service var Amount Total*—The total of payments to all QSEs providing VSS, for the 15-minute Settlement Interval.
$VSSVARAMTQSETOT_{q}$	$	*Voltage Support Service var Amount QSE Total per QSE*—The total of the payments to QSE *q* for providing VSS for the 15-minute Settlement Interval.
LRS_{q}	none	*The Load Ratio Share* calculated for QSE *q* for the 15-minute Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
VSSEAMTTOT	$	*Voltage Support Service Lost Opportunity Amount Total*—The total of payments to all QSEs providing VSS in lieu of energy, for the 15-minute Settlement Interval.
$VSSEAMTQSETOT_{q}$	$	*Voltage Support Service Lost Opportunity Amount QSE Total per QSE*—The total of the payments to QSE *q* for providing VSS in lieu of energy, for the 15-minute Settlement Interval.
q	none	A QSE.

6.6.8 Black Start Capacity

6.6.8.1 Black Start Hourly Standby Fee Payment

(1) ERCOT shall pay an Hourly Standby Fee to the QSEs representing a Black Start Resource. This standby fee is determined through a competitive bi-annual bidding process, with an adjustment for reliability based on a six-month rolling availability equal to 85% in accordance with Section 22, Attachment D, Standard Form Black Start Agreement.

(2) The Black Start Hourly Standby Fee is subject to reduction and claw-back provisions as described in Section 8.1.1.2.1.5, System Black Start Capability Qualification and Testing.

(3) ERCOT shall pay a Black Start Hourly Standby Fee payment to each QSE for each Black Start Resource. The payment for each hour is calculated as follows:

$$\mathbf{BSSAMT_{q,r} = (-1) * BSSPR_{q,r} * BSSARF_{q,r}}$$

Where:

Black Start Service Availability Reduction Factor

If ($BSSHREAF_{q,r} \geq 0.85$)

$BSSARF_{q,r} = 1$

Otherwise

$$BSSARF_{q,r} = Max(0, 1 - (0.85 - BSSHREAF_{q,r}) * 2)$$

Black Start Service Hourly Rolling Equivalent Availability Factor

If ($BSSEH_{q,r} < 4380$)

$$BSSHREAF_{q,r} = 1$$

Otherwise

$$BSSHREAF_{q,r} = \left(\sum_{hr=h-4379}^{h} BSSAFLAG_{q,r,hr}\right) / 4380$$

Availability for a Combined Cycle Train will be determined pursuant to contractual terms but no more than once per hour.

The above variables are defined as follows:

Variable	Unit	Definition
$BSSAMT_{q,r}$	$	*Black Start Service Amount per QSE per Resource by hour*—The standby payment to QSE *q* for the Black Start Service (BSS) provided by Resource *r*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$BSSPR_{q,r}$	$ per hour	*Black Start Service Price per QSE per Resource*—The standby price of BSS Resource *r* represented by QSE *q*, as specified in the Black Start Agreement. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$BSSARF_{q,r}$	none	*Black Start Service Availability Reduction Factor per QSE per Resource by hour*—The availability reduction factor of Resource *r* represented by QSE *q* under the Black Start Agreement, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$BSSHREAF_{q,r}$	none	*Black Start Service Hourly Rolling Equivalent Availability Factor per QSE per Resource by hour*—The equivalent availability factor of the BSS Resource *r* represented by QSE *q* over 4,380 hours, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$BSSEH_{q,r}$	none	*Black Start Service Elapsed number of Hours per QSE per Resource by hour*—The number of the elapsed hours of BSS Resource *r* represented by QSE *q* since the beginning of the BSS Agreement, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$BSSAFLAG_{q,r,hr}$	none	*Black Start Service Availability Flag per QSE per Resource by hour*—The flag of the availability of BSS Resource *r* represented by QSE *q*, 1 for available and 0 for unavailable, for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
q	none	A QSE.
r	none	A BSS Resource.
hr	none	The index of a given hour and the previous 4379 hours.
4380	none	The number of hours in a six-month period.

(3) The total of the payments to each QSE for all BSS Resources represented by this QSE for a given hour is calculated as follows:

$$\mathbf{BSSAMTQSETOT}_{q} = \sum_{r} \mathbf{BSSAMT}_{q,r}$$

The above variables are defined as follows:

Variable	Unit	Definition

Variable	Unit	Definition
$BSSAMTQSETOT_q$	$	*Black Start Service Amount QSE Total per QSE*—The total of the payments to QSE *q* for BSS provided by all the BSS Resources represented by this QSE for the hour *h*.
$BSSAMT_{q,r}$	$	*Black Start Service Amount per QSE per Resource*—The standby payment to QSE *q* for BSS provided by Resource *r*, for the hour. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
r	none	A BSS Resource.

6.6.8.2 Black Start Capacity Charge

ERCOT shall allocate the total Black Start Service Capacity payment to the QSEs representing Loads based on a LRS. The resulting charge to each QSE for a given hour is calculated as follows:

$$\mathbf{LABSSAMT_q = (-1) * BSSAMTTOT * HLRS_q}$$

Where:

$$BSSAMTTOT = \sum_q BSSAMTQSETOT_q$$

The above variables are defined as follows:

Variable	Unit	Definition
$LABSSAMT_q$	$	*Load-Allocated Black Start Service Amount per QSE*—The charge allocated to QSE *q* for the BSS, for the hour.
$BSSAMTQSETOT_q$	$	*Black Start Service Amount QSE Total per QSE*—The Black Start Service payment to QSE *q* for BSS Resource *r*, for the hour.
BSSAMTTOT	$	*Black Start Service Amount QSE Total ERCOT-Wide* — The total of the payments to QSE Q for BSS provided by all the BSS Resource represented by this QSE for the hour h.
$HLRS_q$	none	The hourly LRS calculated for QSE *q* for the hour. See Section 6.6.2.3, QSE Load Ratio Share for an Operating Hour.
q	none	A QSE.

6.6.9 Emergency Operations Settlement

(1) Due to Emergency Conditions, additional compensation for each Generation Resource for which ERCOT provides an Emergency Base Point may be awarded to the QSE representing the Generation Resource. If the Emergency Base Point is higher than the SCED Base Point immediately before the Emergency Condition and the Settlement Point Price at the Resource Node is lower than the Generation Resource's Energy Offer Curve price at the Emergency Base Point, ERCOT shall pay the QSE additional compensation for the additional energy above the SCED Base Point.

(2) In accordance with paragraph (8) of Section 8.1.1.2, General Capacity Testing Requirements, QSEs that receive a VDI to operate the designated Generation Resource

for an unannounced Generation Resource test may be considered for additional compensation utilizing the formula as stated in Section 6.6.9.1, Payment for Emergency Power Increase Directed by ERCOT. If the test period SCED Base Point is higher than the SCED Base Point immediately before the test period and the Settlement Point Price at the Resource Node is lower than the Generation Resource's Energy Offer Curve price, or Mitigated Offer Cap if no offer exists, at the test Base Point, and the test was not a retest requested by the QSE, ERCOT shall pay the QSE additional compensation for the additional energy above the pre-test SCED Base Point. For the purpose of this settlement, and limited to Settlement Intervals inclusive of the unannounced Generation Resource test, SCED Base Points will be used in place of the Emergency Base Point.

(3) A QSE that represents a QSGR that comes On-Line as a result of a Base Point greater than zero shall be considered for additional compensation using the formula in Section 6.6.9.1 when the Base Point is less than or equal to its Resource registration applicable Seasonal net minimum sustainable rating. If the Resource Settlement Point Price at the QSGR's Resource Node is lower than the Energy Offer Curve price, capped per the Mitigated Offer Cap pursuant to Section 4.4.9.4.1, Mitigated Offer Cap, at the aggregated Base Point during the 15-minute Settlement Interval, ERCOT shall pay the QSE additional compensation for the amount of energy from the Off-Line zero Base Point to the aggregated output level. For the purpose of this settlement, inclusive of the first Settlement Interval in which the QSGR is deployed by SCED from a current SCED Base Point equal to zero MW to a Base Point greater than zero, SCED Base Points will be used in place of the Emergency Base Point. The compensation specified in this paragraph continues over all applicable Intervals until SCED no longer needs the QSGR to generate energy pursuant to Section 3.8.3.1, Quick Start Generation Resource Decommitment Decision Process, and there is no manual Low Dispatch Limit (LDL) override in place on the QSGR.

(4) QSEs that received Base Points that are inconsistent with Real-Time Settlement Point Prices and QSEs that receive a manual override from the ERCOT Operator shall be considered for additional compensation using the formula in Section 6.6.9.1. If the Resource Settlement Point Price at the Resource Node is lower than the Energy Offer Curve price, capped per the Mitigated Offer Cap pursuant to Section 4.4.9.4.1, at the held Base Point during the 15-minute Settlement Interval, ERCOT shall pay the QSE additional compensation for the amount of energy from a zero Base Point to the held Base Point. The held Base Point is the Base Point that the QSE received due to a manual override by ERCOT Operator or the Base Point received by the QSE that ERCOT identified as inconsistent with Real-Time Settlement Point Prices. For the purpose of this settlement, and limited to the held Settlement Intervals inclusive of the manual override or Base Points identified as inconsistent with prices, SCED Base Points will be used in place of the Emergency Base Point.

(5) In accordance with paragraph (3) of Section 6.3, Adjustment Period and Real-Time Operations Timeline, if ERCOT sets any SCED interval as failed, then QSEs shall be considered for additional compensation using the formula in Section 6.6.9.1. For the purpose of this settlement, and limited to the failed SCED interval, SCED Base Points will be used in place of the Emergency Base Point.

(6) For each 15-minute Settlement Interval, a QSGR that receives a manual override from the ERCOT Operator shall only be considered for compensation under paragraph (4) above.

(7) For a QSGR, the Mitigated Offer Cap curve used to cap the Energy Offer Curve shall not include the variable Operations and Maintenance (O&M) adjustment cost to start the Resource from first fire to LSL, including the startup fuel described in paragraph (d) of Section 4.4.9.4.1 for all emergency operations Settlement calculations with the exception of paragraph (3) above.

6.6.9.1 Payment for Emergency Power Increase Directed by ERCOT

(1) If the Emergency Base Point issued to a Generation Resource is higher than the SCED Base Point immediately before the Emergency Condition, then ERCOT shall pay the QSE an additional compensation for the Resource at its Resource Node Settlement Point. The payment for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{EMREAMT}_{q,r,p} = \mathbf{(-1) * EMREPR}_{q,r,p} \mathbf{* EMRE}_{q,r,p}$$

Where:

$$EMREPR_{q,r,p} = Max(0, EBPWAPR_{q,r,p} - RTSPP_{p})$$

$$EBPWAPR_{q,r,p} = \sum_{y}(EBPPR_{q,r,p,y} * EBP_{q,r,p,y} * TLMP_{y}) \Big/ \sum_{y}(EBP_{q,r,p,y} * TLMP_{y})$$

$$EMRE_{q,r,p} = Max(0, Min(AEBP_{q,r,p}, RTMG_{q,r,p}) - \tfrac{1}{4} * BP_{q,r,p})$$

$$AEBP_{q,r,p} = \sum_{y}(EBP_{q,r,p,y} * TLMP_{y} / 3600)$$

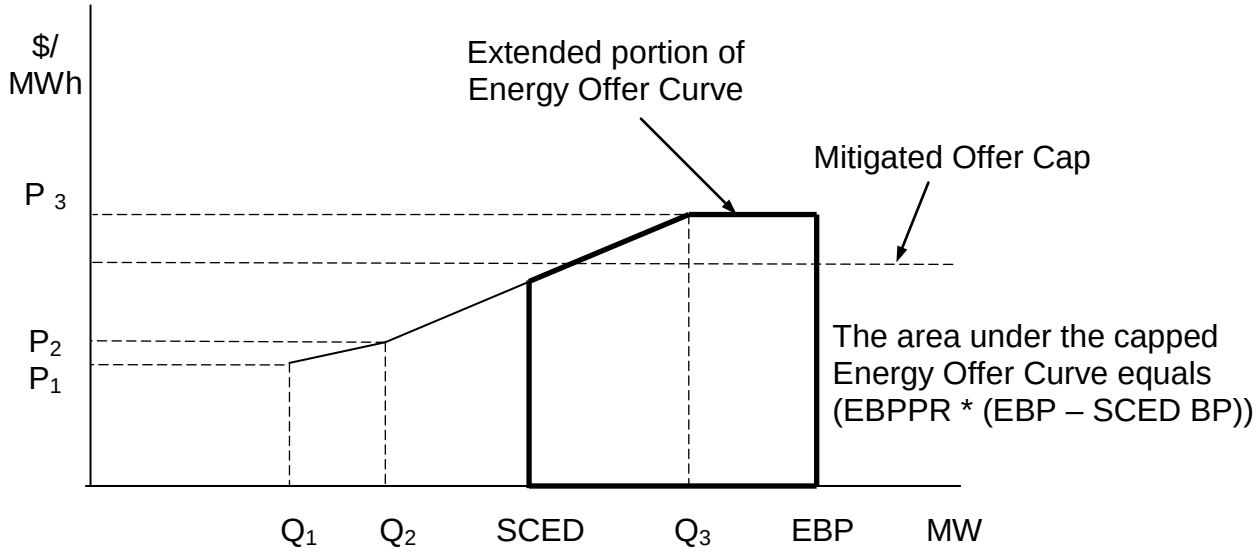
The above variables are defined as follows:

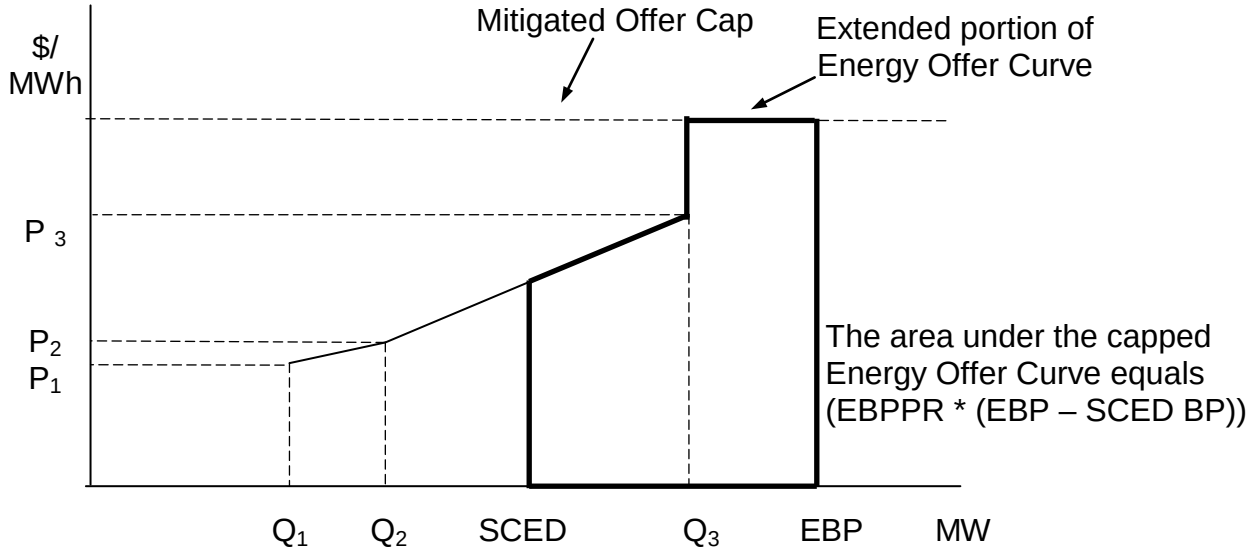
Variable	Unit	Definition
$EMREAMT_{q,r,p}$	$	*Emergency Energy Amount per QSE per Settlement Point per Resource*—The payment to QSE *q* as additional compensation for the additional energy produced by Generation Resource *r* at Resource Node *p* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$EMREPR_{q,r,p}$	$/MWh	*Emergency Energy Price per QSE per Settlement Point per Resource*—The compensation rate for the additional energy produced by Generation Resource *r* at Resource Node *p* represented by QSE *q* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$EMRE_{q,r,p}$	MWh	*Emergency Energy per QSE per Settlement Point per Resource*—The additional energy produced by Generation Resource *r* at Resource Node *p* represented by QSE *q* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.

Variable	Unit	Definition
$EBPWAPR_{q, r, p}$	$/MWh	*Emergency Base Point Weighted Average Price per QSE per Settlement Point per Resource*—The weighted average of the energy prices corresponding with the Emergency Base Points on the Energy Offer Curve for Resource *r* at Resource Node *p* represented by QSE *q*, for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$BP_{q, r, p}$	MW	*Base Point per QSE per Settlement Point per Resource*—The Base Point of Resource *r* at Resource Node *p* represented by QSE *q* from the SCED prior to the Emergency Condition. For a Combined Cycle Train, the Resource *r* must be one of the registered Combined Cycle Generation Resources within the Combined Cycle Train.
$AEBP_{q, r, p}$	MWh	*Aggregated Emergency Base Point*—The Generation Resource's aggregated Emergency Base Point, for the 15-minute Settlement Interval. Where for a Combined Cycle Train, AEBP is calculated for the Combined Cycle Train considering all emergency Dispatch Instructions to any Combined Cycle Generation Resources within the Combined Cycle Train.
$EBP_{q, r, p, y}$	MW	*Emergency Base Point per QSE per Settlement Point per Resource by interval*—The Emergency Base Point of Resource *r* at Resource Node *p* represented by QSE *q* for the Emergency Base Point interval or SCED interval *y*. If a Base Point instead of an Emergency Base Point is effective during the interval *y*, its value equals the Base Point. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$EBPPR_{q, r, p, y}$	$/MWh	*Emergency Base Point Price per QSE per Settlement Point per Resource by interval*—The average incremental energy cost calculated per the Energy Offer Curve, capped by the Mitigated Offer cap pursuant to Section 4.4.9.4.1, Mitigated Offer Cap, for the output levels between the SCED Base Point immediately before the Emergency Condition and the Emergency Base Point of Resource *r* at Resource Node *p* represented by QSE *q* for the Emergency Base Point interval or SCED interval *y*. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
$RTSPP_{p}$	$/MWh	*Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval.
$RTMG_{q, r, p}$	MWh	*Real-Time Metered Generation per QSE per Settlement Point per Resource*—The metered generation of Resource *r* at Resource Node *p* represented by QSE *q* in Real-Time for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
$TLMP_{y}$	second	*Duration of Emergency Base Point interval or SCED interval per interval*—The duration of the portion of the Emergency Base Point interval or SCED interval *y* within the 15-minute Settlement Interval.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A Generation Resource.
y	none	An Emergency Base Point interval or SCED interval that overlaps the 15-minute Settlement Interval.
3600	none	The number of seconds in one hour.

(2) The extension of the Energy Offer Curve is used to calculate the Emergency Base Point Price. If the Emergency Base Point MW value is greater than the largest MW value on the Energy Offer Curve submitted by the QSE for the Resource, then the Energy Offer Curve is extended to the Emergency Base Point MW value with a $/MWh value that is

the Mitigated Offer Cap (pursuant to Section 4.4.9.4.1) for the highest MW output on the Energy Offer Curve submitted by the QSE for the Resource.





(3) The total additional compensation to each QSE for emergency power increases of Generation Resources for the 15-minute Settlement Interval is calculated as follows:

$$\mathbf{EMREAMTQSETOT}_{q} = \sum_{r}\sum_{p}\mathbf{EMREAMT}_{q,r,p}$$

The above variables are defined as follows:

Variable	Unit	Definition

Variable	Unit	Definition
$EMREAMTQSETOT_q$	$	*Emergency Energy Amount QSE Total per QSE*—The total of the payments to QSE *q* as additional compensation for emergency power increases of the Generation Resources represented by this QSE for the 15-minute Settlement Interval.
$EMREAMT_{q, r, p}$	$	*Emergency Energy Amount per QSE per Settlement Point per Resource*—The payment to QSE *q* as additional compensation for the additional energy produced by Generation Resource *r* at Resource Node *p* in Real-Time during the Emergency Condition, for the 15-minute Settlement Interval. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	A Generation Resource.

6.6.9.2 Charge for Emergency Power Increases

The total cost for additional compensation for emergency power increases and unannounced Generation Resource tests is allocated to the QSEs representing Loads based on LRS. The charge to each QSE for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LAEMREAMT_q = (-1) * EMREAMTTOT * LRS_q}$$

Where:

$$EMREAMTTOT = \sum_q EMREAMTQSETOT_q$$

The above variables are defined as follows:

Variable	Unit	Definition
$LAEMREAMT_q$	$	*Load-Allocated Emergency Energy Amount per QSE*—The QSE *q*'s Load-allocated amount of the total payments for all the Generation Resources with Real-Time Emergency Base Points, for the 15-minute Settlement Interval.
EMREAMTTOT	$	*Emergency Energy Amount Total*—The total of the payments to all QSEs as additional compensation for emergency power increases of the Generation Resources for the 15-minute Settlement Interval.
$EMREAMTQSETOT_q$	$	*Emergency Energy Amount QSE Total per QSE*—The total of the payments to QSE *q* as additional compensation for emergency power increases of the Generation Resources represented by this QSE for the 15-minute Settlement Interval.
LRS_q	none	The LRS calculated for QSE *q* for the 15-minute Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
q	none	A QSE.

6.6.10 Real-Time Revenue Neutrality Allocation

(1) ERCOT must be revenue-neutral in each Settlement Interval. Each QSE receives an allocated share, on a LRS basis, of the net amount of:

(a) Real-Time Energy Imbalance payments or charges under Section 6.6.3.1, Real-Time Energy Imbalance Payment or Charge at a Resource Node;

(b) Real-Time Energy Imbalance payments or charges under Section 6.6.3.2, Real-Time Energy Imbalance Payment or Charge at a Load Zone;

(c) Real-Time Energy Imbalance payments or charges under Section 6.6.3.3, Real-Time Energy Imbalance Payment or Charge at a Hub;

(d) Real-Time energy payments under Section 6.6.3.4, Real-Time Energy Payment for DC Tie Import;

(e) Real-Time energy payments under Section 6.6.3.5, Real-Time Payment for a Block Load Transfer Point;

(f) Real-Time energy charge under Section 6.6.3.6, Real-Time Energy Charge for DC Tie Export Represented by the QSE Under the Oklaunion Exemption;

(g) Real-Time congestion payments or charges under Section 6.6.4, Real-Time Congestion Payment or Charge for Self-Schedules;

(h) Real-Time value of Day-Ahead energy sale from RMR Units under Section 6.6.6.5, RMR Service Charge; and

(i) Real-Time payments or charges to the Congestion Revenue Right (CRR) Owners under Section 7.9.2, Real-Time CRR Payments and Charges.

(2) The Real-Time Revenue Neutrality Allocation for each QSE for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LARTRNAMT}_{q} = \mathbf{(-1) * (RTEIAMTTOT + BLTRAMTTOT + RTDCIMPAMTTOT + RTDCEXPAMTTOT + RTCCAMTTOT + RMRDAESRTVTOT + RTOBLAMTTOT / 4 + RTOBLLOAMTTOT / 4) * LRS}_{q}$$

Where:

Total Real-Time Energy Imbalance Payment (or Charge) at Settlement Point (or Hub)

$$\text{RTEIAMTTOT} = \sum_{q} \text{RTEIAMTQSETOT}_{q}$$

Total Real-Time Payment for BLT Resources

$$\text{BLTRAMTTOT} = \sum_{q} \text{BLTRAMTQSETOT}_{q}$$

Total Real-Time Payment for DC Tie Imports

$$\text{RTDCIMPAMTTOT} = \sum_{q} \text{RTDCIMPAMTQSETOT}_{q}$$

Total Real-Time Charge for DC Tie Exports (under "Oklaunion Exemption")

$$RTDCEXPAMTTOT = \sum_{q} RTDCEXPAMTQSETOT_{q}$$

Total Real-Time Congestion Payment or Charge for Self-Schedules

$$RTCCAMTTOT = \sum_{q} RTCCAMTQSETOT_{q}$$

Total Real-Time Payment or Charge for Point-to-Point (PTP) Obligations

$$RTOBLAMTTOT = \sum_{q} RTOBLAMTQSETOT_{q}$$

Total Real-Time Payment for PTP Obligations with Links to Options

$$RTOBLLOAMTTOT = \sum_{q} RTOBLLOAMTQSETOT_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
$LARTRNAMT_{q}$	$	*Load-Allocated Real-Time Revenue Neutrality Amount per QSE*—The QSE *q*'s share of the total Real-Time revenue neutrality amount, for the 15-minute Settlement Interval.
$RTEIAMTTOT_{q}$	$	*Real-Time Energy Imbalance Amount Total*—The total net payments and charges for Real-Time Energy Imbalance Service at all Settlement Points (Resource, Load Zone or Hub) for the 15-minute Interval.
BLTRAMTTOT	$	*Block Load Transfer Resource Amount Total*—The total of payments for energy delivered into the ERCOT Region through BLT points for the 15-minute Settlement Interval.
RTDCIMPAMTTOT	$	*Real-Time DC Import Amount Total*—The summation of payments for DC Tie imports for the 15-minute Settlement Interval.
RTDCEXPAMTTOT	$	*Real-Time DC Export Amount Total*—The summation of charges to all QSEs under the "Oklaunion Exemption" for DC Tie exports for the 15-minute Settlement Interval.
RTCCAMTTOT	$	*Real-Time Energy Congestion Cost Amount Total*—The total net congestion payments and charges for all Self-Schedules for the 15-minute Settlement Interval.
RMRDAESRTVTOT	$	*RMR Day-Ahead Energy Sale Real-Time Value Total*—The total of the Real-Time value of the Day-Ahead energy sales from all RMR Units for the 15-minute Settlement Interval. See Section 6.6.6, Reliability Must-Run Settlement.
RTOBLAMTTOT	$	*Real-Time Obligation Amount Total*—The sum of all payments and charges for PTP Obligations settled in Real-Time for the hour that includes the 15-minute Settlement Interval.
RTOBLLOAMTTOT	$	*Real-Time Obligation with Links to an Option Amount Total*—The sum of all payments for PTP Obligations with Links to an Option settled in Real-Time for the hour that includes the 15-minute Settlement Interval.
$RTEIAMTQSETOT_{q}$	$	*Real-Time Energy Imbalance Amount QSE Total per QSE*—The total net payments and charges to QSE *q* for Real-Time Energy Imbalance at all Resource Node Settlement Points for the 15-minute Settlement Interval.
$RTCCAMTQSETOT_{q}$	$	*Real-Time Congestion Cost Amount QSE Total per QSE*—The total net congestion payments and charges to QSE *q* for its Self-Schedules for the 15-minute Settlement Interval.

Variable	Unit	Description
BLTRAMTQSETOT $_q$	$	*Block Load Transfer Resource Amount QSE Total per QSE*—The total of the payments to QSE *q* for energy delivered into the ERCOT Region through BLT points for the 15-minute Settlement Interval.
RTDCIMPAMTQSETOT $_q$	$	*Real-Time DC Import Amount QSE Total per QSE*—The total of the payments to QSE *q* for energy imported into the ERCOT Region through DC Ties for the 15-minute Settlement Interval.
RTDCEXPAMTQSETOT $_q$	$	*Real-Time DC Export Amount QSE Total per QSE*—The total of the charges to QSE *q* for energy exported from the ERCOT Region through DC Ties for the 15-minute Settlement Interval.
RTOBLAMTQSETOT $_q$	$	*Real-Time Obligation Amount QSE Total per QSE*—The net total payment or charge to QSE *q* of all its PTP Obligations settled in Real-Time for the hour that includes the 15-minute Settlement Interval. See paragraph (2) of Section 7.9.2.1, Payments and Charges for PTP Obligations Settled in Real-Time.
RTOBLLOAMTQSETOT $_q$	$	*Real-Time Obligation with Links to an Option Amount QSE Total per QSE*—The total payment to QSE *q* for all of its PTP Obligations with Links to an Option settled in Real-Time for the hour that includes the 15-minute Settlement Interval. See paragraph (2) of Section 7.9.2.1.
LRS $_q$	none	The LRS calculated for QSE *q* for the 15-minute Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
q	none	A QSE.
o	none	A CRR owner.

(3) In the event that ERCOT is unable to execute the DAM, the Real-Time Revenue Neutrality Allocation for each QSE for a given 15-minute Settlement Interval is calculated as follows:

$$\mathbf{LARTRNAMT}_{q} = \mathbf{(-1) * (RTEIAMTTOT + BLTRAMTTOT + RTDCIMPAMTTOT + RTDCEXPAMTTOT + RTCCAMTTOT + RMRDAESRTVTOT + NDRTOBLAMTTOT / 4 + NDRTOPTAMTTOT / 4 + NDRTOPTRAMTTOT / 4 + NDRTFGRAMTTOT / 4 + NDRTOBLRAMTTOT / 4) * LRS}_{q}$$

Where:

Total Real-Time Energy Imbalance Payment (or Charge) at Settlement Point (or Hub)

$$\text{RTEIAMTTOT} = \sum_{q} \text{RTEIAMTQSETOT}_{q}$$

Total Real-Time Payment for BLT Resources

$$\text{BLTRAMTTOT} = \sum_{q} \text{BLTRAMTQSETOT}_{q}$$

Total Real-Time Payment for DC Tie Imports

$$\text{RTDCIMPAMTTOT} = \sum_{q} \text{RTDCIMPAMTQSETOT}_{q}$$

Total Real-Time Charge for DC Tie Exports (under “Oklaunion Exemption”)

$$RTDCEXPAMTTOT = \sum_{q} RTDCEXPAMTQSETOT_{q}$$

Total Real-Time Congestion Payment or Charge for Self Schedules

$$RTCCAMTTOT = \sum_{q} RTCCAMTQSETOT_{q}$$

Total Real-Time Payment or Charge for PTP Obligations when ERCOT is unable to execute the DAM

$$NDRTOBLAMTTOT = \sum_{o} NDRTOBLAMTOTOT_{o}$$

Total Real-Time Payment for PTP Options when ERCOT is unable to execute the DAM

$$NDRTOPTAMTTOT = \sum_{o} NDRTOPTAMTOTOT_{o}$$

Total Real-Time Payment for PTP Options with Refund when ERCOT is unable to execute the DAM

$$NDRTOPTRAMTTOT = \sum_{o} NDRTOPTRAMTOTOT_{o}$$

Total Real-Time Payment for Flowgate Rights (FGRs) when ERCOT is unable to execute the DAM

$$NDRTFGRAMTTOT = \sum_{o} NDRTFGRAMTOTOT_{o}$$

Total Real-Time Payment or Charge for PTP Obligations with Refund when ERCOT is unable to execute the DAM

$$NDRTOBLRAMTTOT = \sum_{o} NDRTOBLRAMTOTOT_{o}$$

The above variables are defined as follows:

Variable	Unit	Description
$LARTRNAMT_{q}$	$	*Load-Allocated Real-Time Revenue Neutrality Amount per QSE*—The QSE *q*'s share of the total Real-Time revenue neutrality amount for the 15-minute Settlement Interval.
RTEIAMTTOT	$	*Real-Time Energy Imbalance Amount Total*—The total net payments and charges for Real-Time Energy Imbalance at all Settlement Points (Resource, Load Zone, or Hub) for the 15-minute Interval.
BLTRAMTTOT	$	*Block Load Transfer Resource Amount Total*—The total of the payments for energy delivered into the ERCOT Region through BLT points for the 15-minute Settlement Interval.
RTDCIMPAMTTOT	$	*Real-Time DC Import Amount Total*—The summation of payments for DC Tie imports for the 15-minute Settlement Interval.
RTDCEXPAMTTOT	$	*Real-Time DC Export Amount Total*—The summation of charges to all QSEs that are under the "Oklaunion Exemption" for DC Tie exports for the 15-minute Settlement Interval.

Variable	Unit	Description
RTCCAMTTOT	$	*Real-Time Energy Congestion Cost Amount Total*—The total net congestion payments and charges for all Self-Schedules for the 15-minute Settlement Interval.
RMRDAESRTVTOT	$	*RMR Day-Ahead Energy Sale Real-Time Value Total*—The total of the Real-Time value of the Day-Ahead energy sales from all RMR Units for the 15-minute Settlement Interval. See Section 6.6.6, Reliability Must-Run Settlement.
NDRTOBLAMTTOT	$	*No DAM Real-Time Obligation Amount Total*—The sum of all payments and charges for PTP Obligations settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour that includes the 15-minute Settlement Interval.
NDRTOPTAMTTOT	$	*No DAM Real-Time Option Amount Total*—The sum of all payments for PTP Options settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour that includes the 15-minute Settlement Interval.
NDRTOPTRAMTTOT	$	*No DAM Real-Time Option with Refund Amount Total*—The sum of all payments for PTP Options with Refund settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour that includes the 15-minute Settlement Interval.
NDRTFGRAMTTOT	$	*No DAM Real-Time FGR Amount Total*— The sum of all payments for FGRs settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour that includes the 15-minute Settlement Interval.
NDRTOBLRAMTTOT	$	*No DAM Real-Time Obligation with Refund Amount Total*— The sum of all payments for PTP Obligations with Refund settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour that includes the 15-minute Settlement Interval.
$RTEIAMTQSETOT_q$	$	*Real-Time Energy Imbalance Amount QSE Total per QSE*—The total net payments and charges to QSE *q* for Real-Time Energy Imbalance Service at all Resource Node Settlement Points for the 15-minute Settlement Interval.
$RTCCAMTQSETOT_q$	$	*Real-Time Congestion Cost Amount QSE Total per QSE*—The total net congestion payments and charges to QSE *q* for its Self-Schedules for the 15-minute Settlement Interval.
$BLTRAMTQSETOT_q$	$	*Block Load Transfer Resource Amount QSE Total per QSE*—The total of the payments to QSE *q* for energy delivered into the ERCOT Region through BLT points for the 15-minute Settlement Interval.
$RTDCIMPAMTQSETOT_q$	$	*Real-Time DC Import Amount QSE Total per QSE*—The total of the payments to QSE *q* for energy imported into the ERCOT Region through DC Ties for the 15-minute Settlement Interval.
$RTDCEXPAMTQSETOT_q$	$	*Real-Time DC Export Amount QSE Total per QSE*—The total of the charges to QSE *q* for energy exported from the ERCOT Region through DC Ties for the 15-minute Settlement Interval.
$NDRTOBLAMTOTOT_o$	$	*No DAM Real-Time Obligation Amount Owner Total per CRR Owner*—The net total payment or charge to CRR owner *o* of all its PTP Obligations settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTOPTAMTOTOT_o$	$	*No DAM Real-Time Option Amount Owner Total per CRR Owner*—The total payment to CRR owner *o* for all its PTP Options settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.

Variable	Unit	Description
NDRTOPTRAMTOTOT $_{o}$	$	*No DAM Real-Time Option with Refund Amount Owner Total per CRR Owner*—The total payment to NOIE CRR owner *o* for all its PTP Options with Refund settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
NDRTFGRAMTOTOT $_{o}$	$	*No DAM Real-Time FGR Amount Owner Total per CRR Owner*—The total payment to CRR owner *o* of all its FGRs settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
NDRTOBLRAMTOTOT $_{o}$	$	*No DAM Real-Time Obligation with Refund Amount Owner Total per CRR Owner*—The net total payment or charge to CRR owner *o* for all its PTP Obligations with Refund settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour.
LRS $_{q}$	none	The LRS calculated for QSE *q* for the 15-minute Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
q	none	A QSE.
o	none	A CRR Owner.

6.6.11 Emergency Response Service Capacity

6.6.11.1 Emergency Response Service Capacity Payments

ERCOT shall pay, for each Emergency Response Service (ERS) Contract Period, the QSEs representing ERS Resources as follows:

$$\mathbf{ERSPAMT}_{qc(tp)} = \mathbf{COMPAMT}_{qc(tp)} + \mathbf{SPAMT}_{qc(tp)}$$

$$\mathbf{ERSPAMTQSETOT}_{qc} = \sum_{tp} \mathbf{ERSPAMT}_{qc(tp)}$$

$$\mathbf{ERSPAMTTOT}_{c(tp)} = \sum_{q} \mathbf{ERSPAMT}_{qc(tp)}$$

Where:

$$\mathbf{COMPAMT}_{qc(tp)} = -1 * \sum_{e=1}^{co} \mathbf{OFFERPRICE}_{qce(tp)} * \mathbf{COMPDELMW}_{qce(tp)} * \mathbf{TPH}_{(tp)}$$

$$\mathbf{SPAMT}_{qc(tp)} = -1 * \mathbf{Min}(\mathbf{SPCUL}_{qc(tp)}, \sum_{e=1}^{s} \mathbf{SPDELMW}_{qce\,(tp)}) * \mathbf{COMPAVGPRICE}_{c(tp)} * \mathbf{TPH}_{e(tp)}$$

$$\mathbf{COMPAVGPRICE}_{c(tp)} = \sum_{q=1}^{n} \sum_{e=1}^{co} (\mathbf{OFFERPRICE}_{qce(tp)} * \mathbf{COMPDELMW}_{qce(tp)}) / \mathbf{COMPDELMWTOT}_{c(tp)}$$

$$\mathbf{COMPDELMWTOT}_{c(tp)} = \sum_{q=1}^{n} \sum_{e=1}^{co} \mathbf{COMPDELMW}_{qce(tp)}$$

$$\mathbf{COMPDELMW}_{qce(tp)} = \mathbf{COMPOFFERMW}_{qce(tp)} * (\mathbf{ERSAFWT}_{qc} * \mathbf{Min}(\mathbf{ERSAFCOMB}_{qr},1) + (1 - \mathbf{ERSAFWT}_{qc}) * \mathbf{Min}(\mathbf{ERSEPF}_{qr},1))$$

$$\mathbf{SPDELMW}_{qce(tp)} = \mathbf{SPOFFERMW}_{qce(tp)} * (\mathbf{ERSAFWT}_{qc} * \mathbf{Min}(\mathbf{ERSAFCOMB}_{qr},1) + (1 - \mathbf{ERSAFWT}_{qc}) * \mathbf{Min}(\mathbf{ERSEPF}_{qr},1))$$

The ERS Self-Provision Capacity Upper Limit for each self-providing QSE shall be calculated by ERCOT using a two-pass process. The first pass will consist of simultaneously solving for all QSEs' ERS Self-Provision Capacity Upper Limits with the constraint that each QSE's ERS Self-Provision Capacity Upper Limit will equal its LRS multiplied by the total ERS capacity awarded for competitive offers, plus the sum of all QSEs' ERS Self-Provision Capacity Upper Limits. The second pass will repeat the solution of the equations with a QSE's delivered self-provided MW capacity (adjusted for availability and/or event performance) substituted for the ERS Self-Provision Capacity Upper Limit if the delivered MW capacity is less than the first pass calculation of the ERS Self-Provision Capacity Upper Limit.

Pass 1:

For QSE 1:

$$\mathbf{SPCUL}_{1c(tp)} = \mathbf{ERSLRS}_{1c(tp)} * (\mathbf{COMPDELMWTOT}_{c(tp)} + \mathbf{SPCUL}_{1c(tp)} + \mathbf{SPCUL}_{2c(tp)} + \ldots + \mathbf{SPCUL}_{nc(tp)})$$

For QSE 2:

$$\mathbf{SPCUL}_{2c(tp)} = \mathbf{ERSLRS}_{2c(tp)} * (\mathbf{COMPDELMWTOT}_{c(tp)} + \mathbf{SPCUL}_{1c(tp)} + \mathbf{SPCUL}_{2c(tp)} + \ldots + \mathbf{SPCUL}_{nc(tp)})$$

…

For QSE n:

$$\mathbf{SPCUL}_{nc(tp)} = \mathbf{ERSLRS}_{nc(tp)} * (\mathbf{COMPDELMWTOT}_{c(tp)} + \mathbf{SPCUL}_{1c(tp)} + \mathbf{SPCUL}_{2c(tp)} + \ldots + \mathbf{SPCUL}_{nc(tp)})$$

Pass 2:

For QSE 1:

$$\mathbf{SPCUL}_{1c(tp)} = \mathbf{ERSLRS}_{1c(tp)} * (\mathbf{COMPDELMWTOT}_{c(tp)} +$$

$$\mathbf{Min}(\mathbf{SPDELMW}_{1c(tp)},\mathbf{SPCUL}_{1c(tp)}) +$$

Min(SPDELMW $_{2c(tp)}$,SPCUL $_{2c(tp)}$)

+ … + Min(SPDELMW $_{nc(tp)}$,SPCUL $_{nc(tp)}$))

For QSE 2:

SPCUL $_{2c(tp)}$ = ERSLRS $_{2c(tp)}$ * (COMPDELMWTOT $_{c(tp)}$ +

Min(SPDELMW $_{1c(tp)}$,SPCUL $_{1c(tp)}$) +

Min(SPDELMW $_{2c(tp)}$,SPCUL $_{2c(tp)}$)

+ … + Min(SPDELMW $_{nc(tp)}$,SPCUL $_{nc(tp)}$))

…

For QSE n:

SPCUL $_{nc(tp)}$ = ERSLRS $_{nc(tp)}$ * (COMPDELMWTOT $_{c(tp)}$ +

Min(SPDELMW $_{1c(tp)}$,SPCUL $_{1c(tp)}$) +

Min(SPDELMW $_{2c(tp)}$,SPCUL $_{2c(tp)}$)

+ … + Min(SPDELMW $_{nc(tp)}$,SPCUL $_{nc(tp)}$))

The above variables are defined as follows:

Variable	Unit	Description
q	None	A QSE.
c	None	ERS Contract Period.
r	None	ERS Standard Contract Term.
tp	None	Hours in an ERS Time Period.
e	None	An ERS Resource procured from a QSE for an ERS Contract Period.
co	None	The number of competitive ERS Resources procured from a QSE for an ERS Contract Period.
s	None	The number of self-provided ERS Resources procured from a QSE for an ERS Contract Period.
n	None	The number of QSEs for an ERS Contract Period.
ERSPAMT $_{qc(tp)}$	$	*ERS Payment Amount per QSE per ERS Contract Period per ERS Time Period*—ERS total payment to QSE *q* for ERS Contract Period *c* and ERS Time Period *tp*.
COMPAMT $_{qc(tp)}$	$	*Competitive Amount per QSE per ERS Contract Period per ERS Time Period*—ERS total payment to QSE *q* for competitively procured ERS Resource delivered for ERS Contract Period *c* and ERS Time Period *tp*.
SPAMT $_{qc(tp)}$	$	*Self-Procured Amount per QSE per ERS Contract Period per ERS Time Period*—ERS total payment to the QSE for its self-provided ERS Resource for an ERS Time Period.

ERSPAMTQSETOT $_{qc}$	$	*ERS Payment QSE Total per QSE per ERS Contract Period*—The total ERS total payments to QSE *q* for ERS Contract Period *c*.
ERSPAMTTOT $_{c(tp)}$	$	*ERS Payment Amount Total per ERS Contract Period per ERS Time Period*—Total of all ERS payments for ERS Contract Period *c* and ERS Time Period *tp*.
OFFERPRICE $_{qce(tp)}$	$/MW per hour	*Offer Price per QSE per ERS Contract Period per ERS Resource per ERS Time Period*—Contracted offer price for a competitively procured ERS Resource *e*, for ERS Contract Period *c* and ERS Time Period *tp*.
COMPDELMW $_{qce(tp)}$	MW	*Competitive Delivered MW per QSE per ERS Contract Period per ERS Resource per ERS Time Period*—ERS capacity delivered by the QSE *q* for a competitive ERS Resource *e* for ERS Contract Period *c* and ERS Time Period *tp*.
TPH $_{e(tp)}$	Hours	Hours in ERS Time Period *tp* for an ERS Resource *e*. For ERS Resources *e* whose obligation is not exhausted in an ERS Contract Period *c*, the number of hours in that ERS Time Period *tp* in that ERS Contract Period *c*. For ERS Resources *e* whose obligation is exhausted in an ERS Contract Period *c*, the number of hours in that ERS Time Period *tp* from the beginning of the ERS Contract Period *c* to the end of the ERS Standard Contract Term.
COMPAVGPRICE $_{c(tp)}$	$ per MW per hour	*Competitive Average Price per ERS Contract Period per ERS Time Period*—Weighted average price of competitive capacity delivered for ERS Contract Period *c* and ERS Time Period *tp*.
SPDELMW $_{qc (tp)}$	MW	*Self-Provided Delivered MW per QSE per ERS Contract Period per ERS Time Period*—Total ERS capacity self-provided by QSE *q* for ERS Contract Period *c* and ERS Time Period *tp*.
COMPDELMWTOT $_{c(tp)}$	MW	*Competitive Delivered MW Total per ERS Contract Period per ERS Time Period*—Total ERS competitive capacity delivered by all QSEs for ERS Time Period *tp*.
COMPOFFERMW $_{qce(tp)}$	MW	*Competitive Offered MW Total per QSE per ERS Contract Period per ERS Resource per ERS Time Period*—ERS capacity offered by QSE *q* for a competitive ERS Resource *e* for ERS Contract Period *c* and ERS Time Period *tp*.
ERSAFWT $_{qc}$	None	*Availability Settlement weighting factor per QSE per ERS Contract Period*—The weighting factor for QSE *q* for ERS Contract Period *c* to apply for Settlement as calculated pursuant to Section 8.1.3.1.3.3.
ERSAFCOMB $_{qr}$	None	*Time- and Capacity-Weighted ERS Availability Factor per QSE per ERS Standard Contract Term*—The availability factor for QSE *q* for ERS Standard Contract Term *r*, as calculated pursuant to Section 8.1.3.3.1, Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resources.
ERSEPF $_{qr}$	None	*ERS Event Performance Factor per QSE per ERS Standard Contract Term*—Event performance factor for QSE *q* in ERS Standard Contract Term *r* as calculated pursuant to Section 8.1.3.3.1.

SPCUL $_{qc(tp)}$	MW	*Self-Provision Capacity Upper Limit per QSE per ERS Contract Period per ERS Time Period*—The ERS Self-Provision Capacity Upper Limit calculated by ERCOT for each self-providing QSE by simultaneously solving for all QSEs' obligations with the constraint that each QSE's ERS Self-Provision Capacity Upper Limit does not exceed its obligation.
SPOFFERMW $_{qce(tp)}$	MW	*Self-Provision Offer MW per QSE per ERS Contract Period per ERS Resource per ERS Time Period*—ERS capacity offered as self-provision by QSE *q* for an ERS Resource *e* for ERS Contract Period *c* and ERS Time Period *tp*.
ERSLRS $_{qc(tp)}$	None	*ERS Load Ratio Share per QSE per ERS Contract Period per ERS Time Period*—ERS LRS for QSE *q* for ERS Contract Period *c* and ERS Time Period *tp,* calculated starting with the first hour of the ERS Contract Period and ending with the earlier of the last hour of the ERS Contract Period or the hour containing the recall instruction in an ERS deployment event that results in the exhaustion of a QSE portfolio's ERS obligation.

6.6.11.2 Emergency Response Service Capacity Charge

(1) ERCOT shall allocate costs for an ERS Contract Period based on the LRS of each QSE during each ERS Time Period in an ERS Contract Period. A QSE's LRS for an ERS Time Period shall be the QSE's total Load for the ERS Time Period divided by the total ERCOT Load in the ERS Time Period. For the first Settlement of the ERS Contract Period as described in paragraph (1) of Section 9.14.5, Settlement of Emergency Response Service, LRS will be calculated using the latest Settlement Load for each Operating Day in the ERS Contract Period. For the resettlement of the ERS Contract Period as described in paragraph (2) of Section 9.14.5, the LRS will be calculated using the true-up Load for each Operating Day in the ERS Contract Period.

(2) ERCOT shall calculate each QSE's ERS capacity charge as follows:

$$\mathbf{LAERSAMT}_{qc(tp)} = \mathbf{ERSLRS}_{qc(tp)} * \mathbf{ERSPAMTTOT}_{c(tp)}$$

$$\mathbf{LAERSAMTQSETOT}_{qc} = \sum_{tp} \mathbf{LAERSAMT}_{qc(tp)}$$

The above variables are defined as follows:

Variable	Unit	Description
q	None	A QSE.
c	None	ERS Contract Period.
tp	None	An ERS Time Period.
ERSPAMTTOT $_{c(tp)}$	$	*ERS Payment Amount Total per ERS Contract Period per ERS Time Period*—Total of all ERS payments for ERS Contract Period *c* and ERS Time Period *tp*.

ERSLRS $_{qc(tp)}$	None	*ERS Load Ratio Share per QSE per ERS Contract Period per ERS Time Period*—ERS LRS for QSE *q* for ERS Contract Period *c* and ERS Time Period *tp,* calculated starting with the first hour of the ERS Contract Period and ending with the earlier of the last hour of the ERS Contract Period or the hour containing the recall instruction in an ERS deployment event that results in the exhaustion of a QSE portfolio's ERS obligation.
LAERSAMT $_{qc(tp)}$	$	*Load-Allocated ERS Amount per QSE per ERS Contract Period per ERS Time Period*—ERS charge for QSE *q* for ERS Contract Period *c* and ERS Time Period *tp*.
LAERSAMTQSETOT $_{qc}$	$	*Load-Allocated ERS Amount QSE Total per QSE per ERS Contract Period*—The total ERS charge for QSE *q* for ERS Contract Period *c*.

6.7 Real-Time Settlement Calculations for the Ancillary Services

6.7.1 Payments for Ancillary Service Capacity Sold in a Supplemental Ancillary Service Market

If a Supplemental Ancillary Services Market (SASM) is executed for one or more Operating Hours for any reason, ERCOT shall pay Qualified Scheduling Entities (QSEs) for their Ancillary Service Offers cleared in the SASM, based on the Market Clearing Price for Capacity (MCPC) for that SASM and that service. By service and by SASM, the payment to each QSE for a given Operating Hour is calculated as follows:

(a) For Regulation Up (Reg-Up), if applicable:

$$\mathbf{RTPCRUAMT}_{q,m} = \mathbf{(-1) * MCPCRU}_{m} \mathbf{* RTPCRU}_{q,m}$$

Where:

$$\text{RTPCRU}_{q,m} = \sum_{r} \text{PCRUR}_{q,r,m}$$

The above variables are defined as follows:

Variable	Unit	Description
RTPCRUAMT $_{q, m}$	$	*Procured Capacity for Reg-Up Amount by QSE by market*—The payment to QSE *q* for the Ancillary Service Offers cleared in the market *m* to provide Reg-Up, for the hour.
MCPCRU $_{m}$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Up by market*—The MCPC for Reg-Up from the market *m*, for the hour.
RTPCRU $_{q, m}$	MW	*Procured Capacity for Reg-Up by QSE by market*—The portion of QSE *q*'s Ancillary Service Offers cleared in the market *m* to provide Reg-Up, for the hour.
PCRUR $_{q, r, m}$	MW	*Procured Capacity for Reg-Up from Resource per Resource per QSE by market*—The Reg-Up capacity quantity awarded to QSE *q* in the market *m* for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
m	none	A SASM.
Q	none	A QSE.

Variable	Unit	Description
R	none	A Generation Resource.

(b) For Regulation Down (Reg-Down), if applicable:

$$\mathbf{RTPCRDAMT}_{q,m} = \mathbf{(-1) * MCPCRD}_{m} \mathbf{* RTPCRD}_{q,m}$$

Where:

$$\text{RTPCRD}_{q,m} = \sum_{r} \text{PCRDR}_{r,q,m}$$

The above variables are defined as follows:

Variable	Unit	Description
$\text{RTPCRDAMT}_{q,m}$	$	*Procured Capacity for Reg-Down Amount by QSE by market*—The payment to QSE *q* for the Ancillary Service Offers cleared in the market *m* to provide Reg-Down, for the hour.
MCPCRD_{m}	$/MW per hour	*Market Clearing Price for Capacity for Reg-Down by market*—The MCPC for Reg-Down from the market *m*, for the hour.
$\text{RTPCRD}_{q,m}$	MW	*Procured Capacity for Reg-Down by QSE by market*—The portion of QSE *q*'s Ancillary Service Offers cleared in the market *m* to provide Reg-Down, for the hour.
$\text{PCRDR}_{r,q,m}$	MW	*Procured Capacity for Reg-Down from Resource per Resource per QSE by market*—The Reg-Down capacity quantity awarded to QSE *q* in the market *m* for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
M	none	A SASM.
q	none	A QSE.
r	none	A Generation Resource.

(c) For Responsive Reserve (RRS), if applicable:

$$\mathbf{RTPCRRAMT}_{q,m} = \mathbf{(-1) * MCPCRR}_{m} \mathbf{* RTPCRR}_{q,m}$$

Where:

$$\text{RTPCRR}_{q,m} = \sum_{r} \text{PCRRR}_{q,r,m}$$

The above variables are defined as follows:

Variable	Unit	Description
$\text{RTPCRRAMT}_{q,m}$	$	*Procured Capacity for Responsive Reserve Amount by QSE by market*—The payment to QSE *q* for the Ancillary Service Offer cleared in the market *m* to provide RRS, for the hour.
MCPCRR_{m}	$/MW per hour	*Market Clearing Price for Capacity for Responsive Reserve by market*—The MCPC for RRS from the market *m*, for the hour.

Variable	Unit	Description
RTPCRR $_{q, m}$	MW	*Procured Capacity for Responsive Reserve by QSE by market*—The portion of QSE *q* Ancillary Service Offers cleared in the market *m* to provide RRS, for the hour.
PCRRR $_{q,r, m}$	MW	*Procured Capacity for Responsive Reserve from Resource per Resource per QSE by market*—The RRS capacity quantity awarded to QSE *q* in the market *m* for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
m	none	A SASM.
q	none	A QSE.
r	none	A Generation Resource.

(d) For Non-Spinning Reserve (Non-Spin), if applicable:

$$\mathbf{RTPCNSAMT}_{q,m} = \mathbf{(-1) * MCPCNS}_{m} \mathbf{* RTPCNS}_{q,m}$$

Where:

$$\text{RTPCNS}_{q,m} = \sum_{r} \text{PCNSR}_{q,r,m}$$

The above variables are defined as follows:

Variable	Unit	Description
RTPCNSAMT $_{q, m}$	$	*Procured Capacity for Non-Spin Amount by QSE by market*—The payment to QSE *q* for Ancillary Service Offer cleared in the market *m* to provide Non-Spin, for the hour.
MCPCNS $_{m}$	$/MW per hour	*Market Clearing Price for Capacity for Non-Spin by market*—The MCPC for Non-Spin from the market *m*, for the hour.
RTPCNS $_{q, m}$	MW	*Procured Capacity for Non-Spin by QSE by market*—The portion of QSE *q*'s Ancillary Service Offer cleared in the market *m* to provide Non-Spin, for the hour.
PCNSR $_{q,r, m}$	MW	*Procured Capacity for Non-Spin from Resource per Resource per QSE by market*—The Non-Spin capacity quantity awarded to QSE *q* in the market *m* for Resource *r* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
m	none	A SASM.
q	none	A QSE.
r	none	A Generation Resource.

6.7.2 Charges for Ancillary Service Capacity Replaced Due to Failure to Provide

A charge to each QSE that fails on its Ancillary Service Supply Responsibility, whether or not a SASM is executed due to its failure to supply, and to each QSE that has its Ancillary Service Supply Responsibility reduced by a reconfiguration SASM, is calculated based on the greatest of

the MCPC in the Day-Ahead Market (DAM) or any SASM for the same Operating Hour. By service, the charge to each QSE for a given Operating Hour is calculated as follows:

(a) For Reg-Up, if applicable:

$$\mathbf{RUFQAMT}_{q} = \underset{m}{Max}(\mathbf{MCPCRU}_{m}) * \mathbf{RUFQ}_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
$RUFQAMT_q$	$	*Reg-Up Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Up, for the hour.
$MCPCRU_m$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Up by market*—The MCPC for Reg-Up in the market *m*, for the hour.
$RUFQ_q$	MW	*Reg-Up Failure Quantity per QSE*—QSE *q* total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Up, for the hour.
m	none	The DAM or a SASM for the given Operating Hour.
q	none	A QSE.

(b) For Reg-Down, if applicable:

$$\mathbf{RDFQAMT}_{q} = \underset{m}{Max}(\mathbf{MCPCRD}_{m}) * \mathbf{RDFQ}_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
$RDFQAMT_q$	$	*Reg-Down Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Down, for the hour.
$MCPCRD_m$	$/MW per hour	*Market Clearing Price for Capacity for Reg-Down by market*—The MCPC for Reg-Down in the market *m*, for the hour.
$RDFQ_q$	MW	*Reg-Down Failure Quantity per QSE*—QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Down, for the hour.
m	none	The DAM or a SASM for the given Operating Hour.
q	none	A QSE.

(c) For RRS, if applicable:

$$\mathbf{RRFQAMT}_{q} = \underset{m}{Max}(\mathbf{MCPCRR}_{m}) * \mathbf{RRFQ}_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
$RRFQAMT_q$	$	*Responsive Reserve Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for RRS, for the hour.

MCPCRR $_m$	$/MW per hour	*Market Clearing Price for Capacity for Responsive Reserve per market*—The MCPC for RRS in the market *m*, for the hour.
RRFQ $_q$	MW	*Responsive Reserve Failure Quantity per QSE* - QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for RRS, for the hour.
m	none	The DAM or a SASM for the given Operating Hour.
q	none	A QSE.

(d) For Non-Spin, if applicable:

$$\mathbf{NSFQAMT}_q = \underset{m}{Max}(\mathbf{MCPCNS}_m) * \mathbf{NSFQ}_q$$

The above variables are defined as follows:

Variable	Unit	Description
NSFQAMT $_q$	$	*Non-Spin Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Non-Spin, for the hour.
MCPCNS $_m$	$/MW per hour	*Market Clearing Price for Capacity for Non-Spin by market*—The MCPC for Non-Spin in the market *m*, for the hour.
NSFQ $_q$	MW	*Non-Spin Failure Quantity per QSE*—QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Non-Spin, for the hour.
m	none	The DAM or a SASM for the given Operating Hour.
q	none	A QSE.

6.7.3 Adjustments to Cost Allocations for Ancillary Services Procurement

(1) Each QSE, for which ERCOT purchases Ancillary Service capacity in the DAM and SASMs (if any), is charged for the QSE's share of the net costs incurred for each service. For each QSE, its share of the DAM costs has been calculated in Section 4.6.4, Settlement of Ancillary Services Procured in the DAM; its share of the net total costs incurred in both DAM and SASMs less its DAM charge is calculated in this section.

(2) For Reg-Up, if applicable:

(a) The net total costs for Reg-Up for a given Operating Hour is calculated as follows:

$$\mathbf{RUCOSTTOT} = \mathbf{(-1) * (} \sum_m \mathbf{(RTPCRUAMTTOT}_m\mathbf{) + PCRUAMTTOT + RUFQAMTTOT)}$$

Where:

Total payment of SASM-procured capacity for Reg-Up by market

$$\text{RTPCRUAMTTOT}_m = \sum_q \text{RTPCRUAMT}_{q,m}$$

Total payment of DAM-procured capacity for Reg-Up

$$PCRUAMTTOT = \sum_{q} PCRUAMT_{q}$$

Total charge of failure on Ancillary Service Supply Responsibility for Reg-Up

$$RUFQAMTTOT = \sum_{q} RUFQAMT_{q}$$

Total payment of SASM procured capacity for Reg-Up by QSE

$$RTPCRUAMTQSETOT_{q} = \sum_{m} RTPCRUAMT_{q, m}$$

The above variables are defined as follows:

Variable	Unit	Description
RUCOSTTOT	$	*Reg-Up Cost Total*—The net total costs for Reg-Up for the hour.
$RTPCRUAMTTOT_{m}$	$	*Procured Capacity for Reg-Up Amount Total by market*—The total payments to all QSEs for the Ancillary Service Offers cleared in the market *m* for Reg-Up, for the hour.
$RTPCRUAMT_{q, m}$	$	*Procured Capacity for Reg-Up Amount per QSE by market*—The payment to QSE *q* for its Ancillary Service Offers cleared in the market *m* for Reg-Up, for the hour.
RUFQAMTTOT	$	*Reg-Up Failure Quantity Amount Total*—The total charges to all QSEs for their capacity associated with failures and reconfiguration reductions on their Ancillary Service Supply Responsibilities for Reg-Up, for the hour.
$RUFQAMT_{q}$	$	*Reg-Up Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Up, for the hour.
$RTPCRUAMTQSETOT_{q}$	$	*Procured Capacity for Reg-Up Amount Total per QSE*—The total payments to a QSE in all SASM markets for the Ancillary Service Offers cleared for Reg-Up Service, for the hour.
$PCRUAMT_{q}$	$	*Procured Capacity for Reg-Up Amount per QSE in DAM*—The DAM Reg-Up Service payment for QSE *q* for the hour.
PCRUAMTTOT	$	*Procured Capacity for Reg-Up Amount Total in DAM*—The total of the DAM Reg-Up payments for all QSEs for the hour.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(b) Each QSE's share of the net total costs for Reg-Up for the Operating Hour is calculated as follows:

$$\mathbf{RUCOST_{q} = RUPR * RUQ_{q}}$$

Where:

$$RUPR = RUCOSTTOT / RUQTOT$$

$$RUQTOT = \sum_{q} RUQ_{q}$$

$$RUQ_{q} = RUO_{q} - SARUQ_{q}$$

$$RUO_q = \sum_q (SARUQ_q + \sum_m (RTPCRU_{q,m}) + PCRU_q - RURP_q - RUFQ_q) * HLRS_q + RURP_q$$

$$SARUQ_q = DASARUQ_q + RTSARUQ_q$$

The above variables are defined as follows:

Variable	Unit	Description
$RUCOST_q$	$	*Reg-Up Cost per QSE*—QSE *q*'s share of the net total costs for Reg-Up, for the hour.
RUPR	$/MW per hour	*Reg-Up Price*—The price for Reg-Up calculated based on the net total costs for Reg-Up, for the hour.
RUCOSTTOT	$	*Reg-Up Cost Total*—The net total costs for Reg-Up for the hour. See item (a) above.
RUQTOT	MW	*Reg-Up Quantity Total*—The sum of every QSE's portion of its Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
RUQ_q	MW	*Reg-Up Quantity per QSE*—The portion of QSE *q*'s Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
RUO_q	MW	*Reg-Up Obligation per QSE*—The Ancillary Service Obligation of QSE *q*, for the hour.
$DASARUQ_q$	MW	*Day-Ahead Self-Arranged Reg-Up Quantity per QSE*—The self-arranged Reg-Up quantity submitted by QSE *q* before 1000 in the Day-Ahead.
$RTSARUQ_q$	MW	*Self-Arranged Reg-Up Quantity per QSE for all SASMs*—The sum of all self-arranged Reg-Up quantities submitted by QSE *q* for all SASMs.
$RTPCRU_{q,m}$	MW	*Procured Capacity for Reg-Up per QSE by market*—The MW portion of QSE *q*'s Ancillary Service Offers cleared in the market *m* to provide Reg-Up, for the hour.
$RUFQ_q$	MW	*Reg-Up Failure Quantity per QSE*—QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Up, for the hour.
$HLRS_q$	none	*The Hourly Load Ratio Share calculated for QSE q for the hour*. See Section 6.6.2.3, QSE Load Ratio Share for an Operating Hour.
$RURP_q$	MW	*Reg-Up Replacement per QSE*—The total Reg-Up capacity that was a portion of the Ancillary Service Supply Responsibility of QSE *q* but is replaced in a SASM for the hour.
$PCRU_q$	MW	*Procured Capacity for Reg-Up per QSE in DAM*—The total Reg-Up Service capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by the QSE for the hour.
$SARUQ_q$	MW	*Total Self-Arranged Reg-Up Quantity per QSE for all markets*—The sum of all self-arranged Reg-Up quantities submitted by QSE *q* for DAM and all SASMs.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(c) The adjustment to each QSE's DAM charge for the Reg-Up for the Operating Hour, due to changes during the Adjustment Period or Real-Time operations, is calculated as follows:

$$\mathbf{RTRUAMT_q = RUCOST_q - DARUAMT_q}$$

The above variables are defined as follows:

Variable	Unit	Description
$RTRUAMT_q$	$	*Real-Time Reg-Up Amount per QSE*—The adjustment to QSE *q*'s share of the costs for Reg-Up, for the hour.
$RUCOST_q$	$	*Reg-Up Cost per QSE*—QSE *q*'s share of the net total costs for Reg-Up, for the hour.
$DARUAMT_q$	$	*Day-Ahead Reg-Up Amount per QSE*—QSE *q*'s share of the DAM cost for Reg-Up, for the hour.
q	none	A QSE.

(3) For Reg-Down, if applicable:

(a) The net total costs for Reg-Down for a given Operating Hour is calculated as follows:

$$\mathbf{RDCOSTTOT = (-1) * (\sum_m (RTPCRDAMTTOT_m + PCRDAMTTOT + RDFQAMTTOT)}$$

Where:

Total payment of SASM-procured capacity for Reg-Down by market

$$RTPCRDAMTTOT_m = \sum_q RTPCRDAMT_{q,m}$$

Total payment of DAM-procured capacity for Reg-Down

$$PCRDAMTTOT = \sum_q PCRDAMT_q$$

Total charge of failure on Ancillary Service Supply Responsibility for Reg-Down

$$RDFQAMTTOT = \sum_q RDFQAMT_q$$

Total payment of SASM procured capacity for Reg-Down by QSE

$$RTPCRDAMTQSETOT_q = \sum_m RTPCRDAMT_{q,m}$$

The above variables are defined as follows:

Variable	Unit	Description
RDCOSTTOT	$	*Reg-Down Cost Total*—The net total costs for Reg-Down for the hour.
$RTPCRDAMTTOT_m$	$	*Procured Capacity for Reg-Down Amount Total by market*—The total payments to all QSEs for the Ancillary Service Offers cleared in the market *m* for Reg-Down, for the hour.
$RTPCRDAMT_{q,m}$	$	*Procured Capacity for Reg-Down Amount per QSE by market*—The payment to QSE *q* for its Ancillary Service Offers cleared in the market *m* for Reg-Down, for the hour.
RDFQAMTTOT	$	*Reg-Down Failure Quantity Amount Total*—The total charges to all QSEs for their capacity associated with failures on their Ancillary Service Supply Responsibilities for Reg-Down, for the hour.
$RDFQAMT_q$	$	*Reg-Down Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its

Variable	Unit	Description
		Ancillary Service Supply Responsibility for Reg-Down, for the hour.
RTPCRDAMTQSETOT $_q$	$	*Procured Capacity for Reg-Down Amount Total per QSE*—The total payments to a QSE in all SASM markets for the Ancillary Service Offers cleared for Reg-Down Service, for the hour.
PCRDAMT $_q$	$	*Procured Capacity for Regulation Down Amount per QSE for DAM*—The DAM Reg-Down Service payment for QSE *q* for the hour.
PCRDAMTTOT	$	*Procured Capacity for Reg-Down Amount Total in DAM*—The total of the DAM Reg-Down payments for all QSEs for the hour.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(b) Each QSE's share of the net total costs for Reg-Down for the Operating Hour is calculated as follows:

$$\mathbf{RDCOST}_q = \mathbf{RDPR} * \mathbf{RDQ}_q$$

Where:

$$RDPR = RDCOSTTOT / RDQTOT$$

$$RDQTOT = \sum_q RDQ_q$$

$$RDQ_q = RDO_q - SARDQ_q$$

$$RDO_q = \sum_q (SARDQ_q + \sum_m (RTPCRD_{q,m}) + PCRD_q - RDRP_q - RDFQ_q) * HLRS_q + RDRP_q$$

$$SARDQ_q = DASARDQ_q + RTSARDQ_q$$

The above variables are defined as follows:

Variable	Unit	Description
RDCOST $_q$	$	*Reg-Down Cost per QSE*—QSE *q*'s share of the net total costs for Reg-Down, for the hour.
RDPR	$/MW per hour	*Reg-Down Price*—The price for Reg-Down calculated based on the net total costs for Reg-Down, for the hour.
RDCOSTTOT	$	*Reg-Down Cost Total*—The net total costs for Reg-Down for the hour. See item (a) above.
RDQTOT	MW	*Reg-Down Quantity Total*—The sum of every QSE's portion of its Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
RDQ $_q$	MW	*Reg-Down Quantity per QSE*—The portion of QSE *q*'s net Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
RDO $_q$	MW	*Reg-Down Obligation per QSE*—The Ancillary Service Obligation of QSE *q*, for the hour.
DASARDQ $_q$	MW	*Self-Arranged Reg-Down Quantity per QSE for DAM*—The self-arranged Reg-Down quantity submitted by QSE *q* before 1000 in the Day-Ahead.
RTSARDQ $_q$	MW	*Self-Arranged Reg-Down Quantity per QSE for all SASMs*—The sum of all self-arranged Reg-Down quantities submitted by QSE *q* for all SASMs.

Variable	Unit	Description
RTPCRD $_{q, m}$	MW	*Procured Capacity for Reg-Down per QSE by market*—The MW portion of QSE *q*'s Ancillary Service Offers cleared in the market *m* to provide Reg-Down, for the hour.
RDFQ $_{q}$	MW	*Reg-Down Failure Quantity per QSE*—QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Reg-Down, for the hour.
HLRS $_{q}$		*The Hourly Load Ratio Share calculated for QSE q for the hour*. See Section 6.6.2.3.
RDRP $_{q}$	MW	*Reg-Down Replacement per QSE per market*—The total Reg-Down capacity that was a portion of the Ancillary Service Supply Responsibility of QSE *q* but is replaced in a SASM, for the hour.
PCRD $_{q}$	MW	*Procured Capacity for Reg-Down per QSE in DAM*—The total Reg-Down Service capacity quantity awarded to QSE q in the DAM for all the Resources represented by the QSE for the hour.
SARDQ $_{q}$	MW	*Total Self-Arranged Reg-Down Quantity per QSE for all markets*—The sum of all self-arranged Reg-Down quantities submitted by QSE *q* for DAM and all SASMs.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(c) The adjustment to each QSE's DAM charge for the Reg-Down for the Operating Hour, due to changes during the Adjustment Period or Real-Time operations, is calculated as follows:

$$\mathbf{RTRDAMT}_{q} = \mathbf{RDCOST}_{q} - \mathbf{DARDAMT}_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
RTRDAMT $_{q}$	$	*Real-Time Reg-Down Amount per QSE*—The adjustment to QSE *q*'s share of the costs for Reg-Down, for the hour.
RDCOST $_{q}$	$	*Reg-Down Cost per QSE*—QSE *q*'s share of the net total costs for Reg-Down, for the hour.
DARDAMT $_{q}$	$	*Day-Ahead Reg-Down Amount per QSE*—QSE *q*'s share of the DAM cost for Reg-Down, for the hour.
q	none	A QSE.

(4) For RRS service, if applicable:

(a) The net total costs for RRS for a given Operating Hour is calculated as follows:

$$\mathbf{RRCOSTTOT} = \mathbf{(-1) * (} \sum_{m} \mathbf{(RTPCRRAMTTOT}_{m}\mathbf{) + PCRRAMTTOT + RRFQAMTTOT)}$$

Where:

Total payment of SASM-procured capacity for RRS by market

$$\text{RTPCRRAMTTOT}_{m} = \sum_{q} \text{RTPCRRAMT}_{q, m}$$

Total payment of DAM-procured capacity for RRS

$$PCRRAMTTOT = \sum_{q} PCRRAMT_{q}$$

Total charge of failure on Ancillary Service Supply Responsibility for RRS

$$RRFQAMTTOT = \sum_{q} RRFQAMT_{q}$$

Total payment of SASM procured capacity RRS Service by QSE

$$RTPCRRAMTQSETOT_{q} = \sum_{m} RTPCRRAMT_{q, m}$$

The above variables are defined as follows:

Variable	Unit	Description
RRCOSTTOT	$	*Responsive Reserve Cost Total*—The net total costs for RRS for the hour.
$RTPCRRAMTTOT_{m}$	$	*Procured Capacity for Responsive Reserve Amount Total by market*—The total payments to all QSEs for the Ancillary Service Offers cleared in the market *m* for RRS, for the hour.
$RTPCRRAMT_{q, m}$	$	*Procured Capacity for Responsive Reserve Amount per QSE by market*—The payment to QSE *q* for its Ancillary Service Offers cleared in the market *m* for RRS, for the hour.
RRFQAMTTOT	$	*Responsive Reserve Failure Quantity Amount Total*—The total charges to all QSEs for their capacity associated with failures and reconfiguration reductions on their Ancillary Service Supply Responsibilities for RRS, for the hour.
$RRFQAMT_{q}$	$	*Responsive Reserve Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for RRS, for the hour.
$RTPCRRAMTQSETOT_{q}$	$	*Procured Capacity for Responsive Reserve Amount Total per QSE*—The total payments to a QSE in all SASM markets for the Ancillary Service Offers cleared for RRS, for the hour.
$PCRRAMT_{q}$	$	*Procured Capacity for Responsive Reserve Amount per QSE for DAM*—The DAM RRS payment for QSE *q*, for the hour.
PCRRAMTTOT	$	*Procured Capacity for Responsive Reserve Amount Total in DAM*—The total of the DAM RRS payments for all QSEs, for the hour.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(b) Each QSE's share of the net total costs for RRS for the Operating Hour is calculated as follows:

$$\mathbf{RRCOST_{q} = RRPR * RRQ_{q}}$$

Where:

$$RRPR = RRCOSTTOT / RRQTOT$$

$$RRQTOT = \sum_{q} RRQ_{q}$$

$$RRQ_q = RRO_q - SARRQ_q$$

$$RRO_q = \sum_q (SARRQ_q + \sum_m (RTPCRR_{q,m}) + PCRR_q - RRRP_q - RRFQ_q) * HLRS_q + RRRP_q$$

$$SARRQ_q = DASARRQ_q + RTSARRQ_q$$

The above variables are defined as follows:

Variable	Unit	Description
$RRCOST_q$	$	*Responsive Reserve Cost per QSE*—QSE *q*'s share of the net total costs for RRS, for the hour.
RRPR	$/MW per hour	*Responsive Reserve Price*—The price for RRS calculated based on the net total costs for RRS, for the hour.
RRCOSTTOT	$	*Responsive Reserve Cost Total*—The net total costs for RRS for the hour. See item (a) above.
RRQTOT	MW	*Responsive Reserve Quantity Total*—The sum of every QSE's portion of its Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
RRQ_q	MW	*Responsive Reserve Quantity per QSE*—The portion of QSE *q*'s Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
RRO_q	MW	*Responsive Reserve Obligation per QSE*—The Ancillary Service Obligation of QSE *q*, for the hour.
$DASARRQ_q$	MW	*Day-Ahead Self-Arranged Responsive Reserve Quantity per QSE*—The self-arranged RRS quantity submitted by QSE *q* before 1000 in the Day-Ahead.
$RTSARRQ_q$	MW	*Self-Arranged Responsive Reserve Quantity per QSE for all SASMs*—The sum of all self-arranged RRS quantities submitted by QSE *q* for all SASMs.
$RTPCRR_{q,m}$	MW	*Procured Capacity for Responsive Reserve per QSE by market*—The MW portion of QSE *q*'s Ancillary Service Offers cleared in the market *m* to provide RRS, for the hour.
$RRFQ_q$	MW	*Responsive Reserve Failure Quantity per QSE*—QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for RRS, for the hour.
$HLRS_q$	none	*The Hourly Load Ratio Share calculated for QSE q for the hour*. See Section 6.6.2.3.
$RRRP_q$	MW	*Responsive Reserve Replacement per QSE per market*—The total RRS capacity that was a portion of the Ancillary Service Supply Responsibility of QSE *q* but is replaced in a SASM for the hour.
$PCRR_q$	MW	*Procured Capacity for Responsive Reserve per QSE in DAM*—The total RRS capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by the QSE for the hour.
$SARRQ_q$	MW	*Total Self-Arranged Responsive Reserve Quantity per QSE for all markets*—The sum of all self-arranged RRS quantities submitted by QSE *q* for DAM and all SASMs.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(c) The adjustment to each QSE's DAM charge for the RRS for the Operating Hour, due to changes during the Adjustment Period or Real-Time operations, is calculated as follows:

$$\mathbf{RTRRAMT}_{q} = \mathbf{RRCOST}_{q} - \mathbf{DARRAMT}_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
$RTRRAMT_q$	$	*Real-Time Responsive Reserve Amount per QSE*—The adjustment to QSE *q*'s share of the costs for RRS, for the hour.
$RRCOST_q$	$	*Responsive Reserve Cost per QSE*—QSE *q*'s share of the net total costs for RRS, for the hour.
$DARRAMT_q$	$	*Day-Ahead Responsive Reserve Amount per QSE*—QSE *q*'s share of the DAM cost for RRS, for the hour.
q	none	A QSE.

(5) For Non-Spin, if applicable:

(a) The net total costs for Non-Spin for a given Operating Hour is calculated as follows:

$$\mathbf{NSCOSTTOT} = \mathbf{(-1) * (} \sum_{m} \mathbf{(RTPCNSAMTTOT}_{m}\mathbf{)} + \mathbf{PCNSAMTTOT + NSFQAMTTOT)}$$

Where:

Total payment of SASM-procured capacity for Non-Spin by market

$$RTPCNSAMTTOT_{m} = \sum_{q} RTPCNSAMT_{q,m}$$

Total payment of DAM-procured capacity for Non-Spin

$$PCNSAMTTOT = \sum_{q} PCNSAMT_{q}$$

Total charge of failure on Ancillary Service Supply Responsibility for Non-Spin

$$NSFQAMTTOT = \sum_{q} NSFQAMT_{q}$$

Total payment of SASM procured capacity for Non-Spin by QSE

$$RTPCNSAMTQSETOT_{q} = \sum_{m} RTPCNSAMT_{q,m}$$

The above variables are defined as follows:

Variable	Unit	Description
NSCOSTTOT	$	*Non-Spin Cost Total*—The net total costs for Non-Spin for the hour.
$RTPCNSAMTTOT_m$	$	*Procured Capacity for Non-Spin Amount Total by market*—The total payments to all QSEs for the Ancillary Service Offers cleared in the market *m* for Non-Spin, for the hour.

Variable	Unit	Description
RTPCNSAMT $_{q, m}$	$	*Procured Capacity for Non-Spin Amount per QSE by market*—The payment to QSE *q* for its Ancillary Service Offers cleared in the market *m* for Non-Spin, for the hour.
NSFQAMTTOT	$	*Non-Spin Failure Quantity Amount Total*—The total charges to all QSEs for their capacity associated with failures and reconfiguration reductions on their Ancillary Service Supply Responsibilities for Non-Spin, for the hour.
NSFQAMT $_{q}$	$	*Non-Spin Failure Quantity Amount per QSE*—The charge to QSE *q* for its total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Non-Spin, for the hour.
RTPCNSAMTQSETOT $_{q}$	$	*Procured Capacity for Non-Spin Amount Total per QSE*—The total payments to a QSE in all SASM markets for the Ancillary Service Offers cleared for Non-Spin, for the hour.
PCNSAMT $_{q}$	$	*Procured Capacity for Non-Spin Amount per QSE in DAM*—The DAM Non-Spin payment for QSE *q* for the hour.
PCNSAMTTOT	$	*Procured Capacity for Non-Spin Amount Total in DAM*—The total of the DAM Non-Spin payments for all QSEs for the hour.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(b) Each QSE's share of the net total costs for Non-Spin for the Operating Hour is calculated as follows:

$$\mathbf{NSCOST}_{q} = \mathbf{NSPR} * \mathbf{NSQ}_{q}$$

Where:

$$NSPR = NSCOSTTOT / NSQTOT$$

$$NSQTOT = \sum_{q} NSQ_{q}$$

$$NSQ_{q} = NSO_{q} - SANSQ_{q}$$

$$NSO_{q} = \sum_{q} (SANSQ_{q} + \sum_{m} (RTPCNS_{q,m}) + PCNS_{q} - NSRP_{q} - NSFQ_{q}) * HLRS_{q} + NSRP_{q}$$

$$SANSQ_{q} = DASANSQ_{q} + RTSANSQ_{q}$$

The above variables are defined as follows:

Variable	Unit	Description
NSCOST $_{q}$	$	*Non-Spin Cost per QSE*—QSE *q*'s share of the net total costs for Non-Spin, for the hour.
NSPR	$/MW per hour	*Non-Spin Price*—The price for Non-Spin calculated based on the net total costs for Non-Spin, for the hour.
NSCOSTTOT	$	*Non-Spin Cost Total*—The net total costs for Non-Spin for the hour. See item (a) above.
NSQTOT	MW	*Non-Spin Quantity Total*—The sum of every QSE's portion of its Ancillary Service

Variable	Unit	Description
		Obligation that is not self-arranged in either DAM or any SASM, for the hour.
NSQ_q	MW	*Non-Spin Quantity per QSE*—The portion of QSE *q*'s Ancillary Service Obligation that is not self-arranged in either DAM or any SASM, for the hour.
NSO_q	MW	*Non-Spin Obligation per QSE*—The Ancillary Service Obligation of QSE *q*, for the hour.
$DASANSQ_q$	MW	*Day-Ahead Self-Arranged Non-Spin Quantity per QSE for DAM*—The self-arranged Non-Spin quantity submitted by QSE *q* before 1000 in the Day-Ahead.
$RTSANSQ_q$	MW	*Self-Arranged Non-Spin Quantity per QSE for all SASMs*—The sum of all self-arranged Non-Spin quantities submitted by QSE *q* for all SASMs.
$RTPCNS_{q,m}$	MW	*Procured Capacity for Non-Spin per QSE by market*—The MW portion of QSE *q*'s Ancillary Service Offers cleared in the market *m* to provide Non-Spin, for the hour.
$NSFQ_q$	MW	*Non-Spin Failure Quantity per QSE*—QSE *q*'s total capacity associated with failures and reconfiguration reductions on its Ancillary Service Supply Responsibility for Non-Spin, for the hour.
$HLRS_q$	none	*The Hourly Load Ratio Share calculated for QSE q for the hour*. See Section 6.6.2.3.
$NSRP_q$	MW	*Non-Spin Replacement per QSE per market*—The total Non-Spin capacity that was a portion of the Ancillary Service Supply Responsibility of QSE *q* but is replaced in a SASM for the hour.
$PCNS_q$	MW	*Procured Capacity for Non-Spin Service per QSE in DAM*—The total Non-Spin capacity quantity awarded to QSE *q* in the DAM for all the Resources represented by the QSE for the hour.
SANSQ q	MW	*Total Self-Arranged Non-Spin Supplied Quantity per QSE for all markets*—The sum of all self-arranged Non-Spin quantities submitted by QSE *q* for DAM and all SASMs.
q	none	A QSE.
m	none	A SASM for the given Operating Hour.

(c) The adjustment to each QSE's DAM charge for the Non-Spin for the Operating Hour, due to changes during the Adjustment Period or Real-Time operations, is calculated as follows:

$$\mathbf{RTNSAMT}_q = \mathbf{NSCOST}_q - \mathbf{DANSAMT}_q$$

The above variables are defined as follows:

Variable	Unit	Description
$RTNSAMT_q$	$	*Real-Time Non-Spin Amount per QSE*—The adjustment to QSE *q*'s share of the costs for Non-Spin, for the hour.
$NSCOST_q$	$	*Non-Spin Cost per QSE*—QSE *q*'s share of the net total costs for Non-Spin, for the hour.
$DANSAMT_q$	$	*Day-Ahead Non-Spin Amount per QSE*—QSE *q*'s share of the DAM cost for Non-Spin, for the hour.
q	none	A QSE.

ERCOT Nodal Protocols

Section 7: Congestion Revenue Rights

October 21, 2013

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7 CONGESTION REVENUE RIGHTS

7.1 Function of Congestion Revenue Rights

(1) A Congestion Revenue Right (CRR) is a financial instrument that entitles the CRR Owner to be charged or to receive compensation for congestion rents that arise when the ERCOT Transmission Grid is congested in the Day-Ahead Market (DAM) or in Real-Time. CRRs do not represent a right to receive, or obligation to deliver, physical energy. Most CRRs are tradable in the CRR Auction, in the DAM, or bilaterally, as described in more detail in this Section.

(2) CRRs may be acquired as follows:

(a) CRR Auction – ERCOT shall conduct periodic auctions to allow eligible CRR Account Holders to acquire CRRs. The auction also allows CRR Owners an opportunity to sell CRRs that they hold.

(b) PCRR Allocations – ERCOT shall allocate CRRs (known as Pre-Assigned Congestion Revenue Rights (PCRRs)) to eligible Municipally Owned Utilities (MOUs) and Electric Cooperatives (ECs) under Section 7.4, Allocation of Preassigned Congestion Revenue Rights.

(c) Bilateral Market – CRR Account Holders may trade Point-to-Point (PTP) Options, PTP Obligations, and Flowgate Rights (FGRs) bilaterally. PTP Options with Refund and PTP Obligations with Refund are not bilaterally tradable. Bilateral trading may be done privately or through ERCOT. ERCOT shall facilitate trading on the Market Information System (MIS) Certified Area of existing CRRs between CRR Account Holders, subject to credit requirements. ERCOT shall settle CRRs with the CRR Account Holder shown on ERCOT records.

(d) DAM – Qualified Scheduling Entities (QSEs) may bid for PTP Obligations in the DAM.

(3) Each CRR is one of these types:

(a) PTP Option, some of which may be PCRRs;

(b) PTP Obligation, some of which may be PCRRs;

(c) PTP Option with Refund, all of which are PCRRs;

(d) PTP Obligation with Refund, all of which are PCRRs; and

(e) FGR.

7.2 Characteristics of Congestion Revenue Rights

Each CRR has the following characteristics:

(a) Quantities are measured in MWs with granularity of tenths of MWs (0.1 MW);

(b) A duration of one hour;

(c) An ability to be fully tradable financial instruments except in specified time-of-use blocks for a PTP Option with Refund and a PTP Obligation with Refund; and

(d) A designated source (injection point) that is a Settlement Point and a designated sink (withdrawal point) that is a different Settlement Point, except for an FGR, which has a designated directional network element, or a bundle of directional network elements, instead.

7.2.1 CRR Naming Convention

The appropriate TAC subcommittee shall establish a task force that is open to Market Participants, comprised of technical experts, to develop a naming convention for CRRs consistent with the requirements of the Protocols. The naming convention must be approved by TAC before implementation.

7.3 Types of Congestion Revenue Rights to Be Auctioned

(1) ERCOT shall auction the following types of Congestion Revenue Rights (CRRs):

(a) Point-to-Point (PTP) Options;

(b) PTP Obligations; and

(c) Flowgate Rights (FGRs) that are defined in Section 7.3.1, Flowgates.

(2) PTP Options are evaluated hourly in each CRR Auction as the positive power flows on all directional network elements created by the injection and withdrawal at the specified source and sink points in the quantity represented by the CRR bid or offer (MW), excluding all negative flows on all directional network elements.

(3) PTP Obligations are evaluated hourly in each CRR Auction as the positive and negative power flows on all directional network elements created by the injection and withdrawal at the specified source and sink points of the quantity represented by the CRR bid or offer (MW).

(4) PTP Options can only result in payments from ERCOT to the CRR Owner of record. A PTP Obligation may result in either a payment or a charge to the CRR Owner of record.

(5) FGRs are evaluated in each CRR Auction as the positive power flows represented by the quantity of the CRR bid or offer (MW) on a flowgate (i.e., predefined directional network element or a predefined bundle of directional network elements). The flowgates on which FGRs are offered by ERCOT are specified in Section 7.3.1.2, Defined Flowgates.

(6) CRRs must be auctioned in the following Time Of Use (TOU) blocks (having the same MW amount for each hour within the block):

(a) 5x16 blocks for hours ending 0700-2200, Monday through Friday (excluding North American Electric Reliability Corporation (NERC) holidays), in one-month strips;

(b) 2x16 blocks for hours ending 0700-2200, Saturday and Sunday, and NERC holidays in one-month strips; and

(c) 7x8 blocks for hours ending 0100-0600 and hours ending 2300-2400 Sunday through Saturday, in one-month strips.

(7) CRR Auction bids and Pre-Assigned Congestion Revenue Right (PCRR) nominations must specify a TOU block.

(8) For the CRR Monthly Auction only, a single block bid may be submitted for all hours in a calendar month, which represents a linked-offer for all three TOU blocks described above in paragraph (6).

7.3.1 Flowgates

7.3.1.1 Process for Defining Flowgates

Flowgates where ERCOT offers FGRs may only be created by an amendment to Section 7.3.1.2, Defined Flowgates. ERCOT shall post the list of all flowgates available for FGRs on the MIS Public Area. If there is any change in the designation of flowgates, ERCOT shall provide notice to all Market Participants as soon as practicable.

7.3.1.2 Defined Flowgates

There are currently no defined flowgates.

7.4 Allocation of Preassigned Congestion Revenue Rights

Under this Section, ERCOT shall allocate a portion of the Congestion Revenue Rights (CRRs) to certain Market Participants.

7.4.1 PCRR Allocation Eligibility

(1) Pre-Assigned Congestion Revenue Rights (PCRRs) are available to be allocated to Non-Opt-In Entities (NOIEs) that choose to apply for those rights and that:

(a) Own or have a long-term (greater than five years) contractual commitment that was entered into before September 1, 1999 for annual capacity and energy from specific Generation Resources or across high voltage Direct Current Ties (DC Ties); or

(b) Have a long-term (greater than five years) allocation from the federal government for annual capacity and energy produced at a federally-owned hydroelectric Generation Resource, and that allocation was in place prior to September 1, 1999.

(2) All PCRRs that are allocated in recognition for a long-term (greater than five years) contractual commitment that was entered into before September 1, 1999 for annual capacity and energy across high voltage DC Ties shall source at the appropriate DC Tie Settlement Point.

(3) A Municipally Owned Utility (MOU) or Electric Cooperative (EC) may no longer receive allocated PCRRs after they opt into competition, with the exception of South Texas Electric Cooperative (STEC). STEC may be allocated PCRRs for up to three years after the date it enters into competition.

7.4.2 PCRR Allocation Terms and Conditions

ERCOT shall allocate CRRs under the following terms and conditions:

(a) ERCOT shall conduct studies to evaluate whether the nominated PCRRs comply with feasibility constraints using the simultaneous feasibility test described in Section 7.5.5.4, Simultaneous Feasibility Test. A PCRR nomination is a request for one-month strips of a NOIE-specified CRR type for amounts and blocks specified by the NOIE for each month of the PCRR Nomination Year as described in paragraph (c) below. The Simultaneous Feasibility Test (SFT) evaluation to determine the feasible PCRR allocation amount for each month being evaluated uses 100% of that month's expected network topology, which may result in different amounts allocated in different months. If the SFT evaluation indicates that the nominated PCRR amounts are not feasible, then ERCOT shall proportionately reduce the requested PCRRs by their Impact Ratio on violated constraints. The "Impact Ratio" is the amount of a particular PCRR's impact divided by the total impact of all PCRRs in the same direction on a violated constraint. The price that a NOIE must pay for an allocated PCRR is based on the corresponding CRR clearing price in the CRR First Offering. The invoicing and payment for a PCRR allocated according to the process in this paragraph follows the same process and timeline as the invoicing and payment of CRR bids cleared in the CRR First Offering.

(b) ERCOT shall allocate all PCRRs in quantities truncated to the nearest tenth MW (0.1 MW).

(c) Each eligible NOIE may nominate and ERCOT shall allocate to that NOIE as so nominated, subject to the limitation of paragraph (a) above, PCRRs up to 100% of the net unit capacity (or contractual amount) for each eligible Resource, except as noted below in paragraph (d). Prior to the first CRR Long-Term Auction Sequence held in any given calendar year, the NOIE must nominate PCRRs for each month of the PCRR Nomination Year. Nominations must be received at ERCOT no later than 30 Business Days prior to the commencement of the CRR Long-Term Auction Sequence. ERCOT shall allocate PCRRs to the NOIE no later than 25 Business Days prior to the CRR Long-Term Auction Sequence. There shall not be any PCRR nomination process leading up to the second CRR Long-Term Auction Sequence (if any) in a calendar year.

(d) Prior to each CRR Monthly Auction, if there existed any PCRR nominations for the month being auctioned that ERCOT determined were not feasible at the time of the CRR Long-Term Auction Sequence in which they were originally considered, resulting in proportionally reduced PCRR allocations, then ERCOT shall re-evaluate the full nomination and allocate additional PCRRs, if feasible, up to the original nomination amount. The price that a NOIE must pay for a PCRR allocated by the process in this paragraph is based on the corresponding CRR clearing price in the CRR Monthly Auction according to the pricing methodology in item (h) below, and the invoicing and payment for such a PCRR follows the same process and timeline as the invoicing and payment of CRR bids cleared in the CRR Monthly Auction.

(e) A NOIE must designate whether to accept the refund option or the capacity option for its eligible non-solid fuel and non-combined-cycle Resources before the allocation of PCRRs. These options are described in items (i) and (ii) below. NOIEs, or a group of NOIEs linked by common pre-1999 power supply arrangements, which had a 2003 NOIE peak Load in excess of 2,300 MW must use the capacity option (ii) for their eligible non-solid-fuel and non-combined-cycle Resources. NOIEs that receive PCRRs representing gas steam Resources, hydro, wind, simple cycle or other similar Resources across high voltage DC Ties must use the capacity option (ii) for those eligible non-solid-fuel and non-combined-cycle Resources:

(i) Refund option – The eligible NOIE may nominate up to 100% of the lesser of the net unit capacity or contractual amount for those Resources. The eligible NOIE shall refund to ERCOT any congestion revenues received above those congestion revenues flowing to the NOIE for its Output Schedule of the Resource at the PCRR source. PCRR settlement will reflect the MW value of the Output Schedule of the Resource at the PCRR source, regardless of what MW value of actual output occurred during that interval if that change in output is in response to Dispatch Instructions. The refund for any Settlement Interval is equal to the

difference between the PCRR MW amount and the time-weighted average of the Output Schedules of the Resource at the PCRR source multiplied by the value of that PCRR. PCRRs allocated under the refund option are not transferable and may only be used by the NOIE to which they are allocated.

(ii) Capacity option – The eligible NOIE may nominate up to 100% of the lesser of the net unit capacity or contractual amount for those Resources at a capacity factor no greater than 40% over each calendar year. ERCOT shall allocate PCRRs in accordance with the NOIE nominations subject to the SFT.

(A) During the nomination process, the NOIE must nominate the months (designating CRR amounts as defined by the criteria specified in item (6) of Section 7.3, Types of Congestion Revenue Rights to Be Auctioned) for which it will use its PCRRs (i.e., the NOIE may shape the PCRRs representing up to 100% of the capacity for each Resource at a capacity factor no greater than 40% over each calendar year).

(B) If a Resource eligible for PCRRs is shut down due to a Force Majeure Event, then, to the extent feasible, the NOIE may reallocate its PCRRs across its PCRR-eligible facilities before the CRR Monthly Auction. This change is effective no later than the date of the CRR Monthly Auction, and the redesignation may be requested for each CRR Monthly Auction during the Force Majeure Event. Any price difference in the reconfigured rights must be paid by (or paid to) the NOIE.

(f) ERCOT shall allocate the total nominated capacity for each eligible NOIE to the Load of that NOIE in reasonable proportion to the Load served by the NOIE in each Load Zone, except for NOIEs who have elected to be assigned to an appropriate Competitive Load Zone pursuant to paragraph (c) of Section 3.4.3, NOIE Load Zones. For these NOIEs, ERCOT will allocate the total nominated capacity to the NOIE Load Zone automatically established in paragraph (c) of Section 3.4.3. For this allocation, ERCOT shall use the aggregated monthly Load data from the corresponding prior 12 months.

(g) The CRR type, either Point-to-Point (PTP) Option, PTP Obligation, or a combination, must be specified by the eligible NOIE before the PCRR allocation and is binding for purchase. Once the allocation process is complete, the eligible NOIE may not change the CRR type.

(h) After the allocation process, and the subsequent applicable CRR Auction, PCRRs other than those described in item (iii) below must be priced as a percentage of the applicable CRR Auction clearing price for the applicable CRR, as follows:

(i) PTP Option PCRRs:

(A) **Nuclear, coal, lignite or combined-cycle Resources:** 10% of the applicable CRR Auction clearing prices;

(B) **Gas steam Resources:** 15% of the applicable CRR Auction clearing prices; or

(C) **Hydro, wind, simple cycle, or other Resources not included in (A) or (B):** 20% of the applicable CRR Auction clearing prices.

(ii) PTP Obligation PCRRs:

(A) **Nuclear, coal, lignite or combined-cycle Resources**: 5% of the applicable CRR Auction clearing price if it is positive; 100% of the applicable CRR Auction clearing price if it is negative;

(B) **Gas steam Resources:** 7.5% of the applicable CRR Auction clearing price if such price is positive; 100% of the applicable CRR Auction clearing price if it is negative; or

(C) **Hydro, wind, simple cycle, or other Resources not included in (A) or (B):** 10% of the applicable CRR Auction clearing prices if it is positive; 100% of the applicable CRR Auction clearing prices if it is negative.

(iii) For a NOIE that has chosen the refund option, the allocated number of PCRRs for Resources other than solid-fuel and combined-cycle Resources are provided at no charge.

(i) PCRRs shall not be able to be bilaterally traded through ERCOT systems prior to the completion of the CRR Auction used to determine their value.

7.5 CRR Auctions

7.5.1 Nature and Timing

(1) The Congestion Revenue Right (CRR) Auction auctions the available network capacity of the ERCOT transmission system not allocated as described in Section 7.4, Allocation of Preassigned Congestion Revenue Rights, or sold in a previous auction. The CRR Auction also allows CRR Owners an opportunity to offer for sale CRRs that they hold. Each CRR Auction allows for the purchase of CRR products as described in paragraph (6) of Section 7.3, Types of Congestion Revenue Rights to Be Auctioned, in strips of one or more consecutive months and allows for the reconfiguration of all CRR blocks that were previously awarded for the months covered by that CRR Auction.

(2) The CRR Network Model must be based on, but is not the same as, the Network Operations Model. For the purposes of CRR Network Model construction for a CRR Long-Term Auction Sequence, ERCOT may, at its sole discretion, utilize the same or similar CRR Network Model inputs for multiple consecutive months. The CRR Network Model must, to the extent practicable, include the same topology, contingencies, and operating procedures as used in the Network Operations Model as reasonably expected to be in place for each month. The expected network topology used in the CRR Network Model for any month or set of months must include all Outages from the Outage Scheduler and identified by ERCOT as expected to have a significant impact upon transfer capability during that time. These Outages included in the CRR Network Model shall be posted on the Market Information System (MIS) Secure Area consistent with model posting requirements by ERCOT with accompanying cause and duration information, as indicated in the Outage Scheduler. Transmission system upgrades and changes must be accounted for in the CRR Network Model for CRR Auctions held after the month in which the element is placed into service.

(a) ERCOT shall use Dynamic Ratings in the CRR Network Model as required under Section 3.10.8, Dynamic Ratings.

(b) The CRR Network Model must use the peak Load conditions of the month or set of months being modeled.

(c) ERCOT's criteria for determining if an Outage should be in the CRR Network Model shall be in accordance with these Protocols and described in the Operating Guides.

(3) ERCOT shall model bids and offers into the CRR Auction as flows based on the MW offer and defined source and sink. When the Simultaneous Feasibility Test (SFT) is run, the model must weight the Electrical Buses and Hub Buses included in a Hub or Load Zone appropriately to determine the system impacts of the CRRs.

(a) To distribute injections and withdrawals to buses within a Hub, ERCOT shall use distribution factors specified in Section 3.5.2, Hub Definitions.

(b) To distribute injections and withdrawals to Electrical Buses in Load Zones, ERCOT shall use the Load-weighted distribution factors for On-Peak Hours in each Load Zone. For a CRR Monthly Auction, ERCOT shall derive CRR Auction Load distribution factors with the set of Load distribution factors constructed in accordance with the ERCOT Load distribution factor methodology specified in paragraph (5) of Section 4.5.1, DAM Clearing Process, for use in the Day-Ahead Market (DAM). For a CRR Long-Term Auction Sequence, ERCOT shall derive CRR Auction Load distribution factors from the corresponding planning model or with the set of Load distribution factors constructed in accordance with the ERCOT Load distribution factor methodology specified in paragraph (5) of Section 4.5.1, for use in the DAM. ERCOT shall notify the market as to which method was used for each CRR Network Model in a CRR Long-Term Auction Sequence in the corresponding auction notice. ERCOT shall

post the CRR Auction Load distribution factors as part of the CRR Network Model pre-auction posting.

(4) ERCOT shall conduct CRR Auctions as follows:

(a) The CRR Monthly Auction, held once per calendar month, shall include the sale of one-month terms of Point-to-Point (PTP) Options, PTP Obligations, and Flowgate Rights (FGRs) for the month immediately following the month during which the CRR bid submission window closes.

(b) Twice per year, a CRR Long-Term Auction Sequence shall be held, selling PTP Options, FGRs, and PTP Obligations, subject to the following constraints:

(i) Each CRR Long-Term Auction Sequence shall consist of four successive CRR Auctions, each of which offers for sale CRRs spanning a term of six consecutive calendar months (either January through June, or July through December). In each such CRR Auction, CRRs shall be offered in one-month strips or in strips of up to six consecutive months within the term covered by the auction.

(ii) The CRR Long-Term Auction Sequence shall operate in chronological order, first providing a CRR Auction covering the next six-month (January through June, or July through December) period that has not yet commenced, and then three successive CRR Auctions for the three six-month periods thereafter.

(iii) A calendar of key milestone dates, specifically the weeks of bid and credit windows for each CRR Auction in the CRR Long-Term Auction Sequence, must be approved in final form by the Technical Advisory Committee (TAC) no later than the earliest of May 1 (for a CRR Long-Term Auction Sequence to be held in the second half of a year), November 1 (for one being held in the first half of the following year), or 120 days prior to the planned closure of the bid window for the first CRR Auction in the CRR Long-Term Auction Sequence. This timeline can be shortened to 60 days notice for implementation of the first CRR Long-Term Auction Sequence.

(iv) Any TAC final approval of a CRR Long-Term Auction Sequence must be accompanied by advisory approval of at least one subsequent CRR Long-Term Auction Sequence, realizing that such advisory schedule is subject to change when it is due for final approval if TAC concludes that such change is in the interest of market efficiency or is required due to operational constraints.

(c) ERCOT shall periodically publish a calendar of relevant CRR Auction dates with the following requirements:

(i) The schedule for all CRR Monthly Auctions shall at all times be maintained on an advisory basis at least 12 calendar months in advance, and on a firm basis at least 90 days in advance.

(ii) The schedule shall be updated within 14 days of TAC final approval of any CRR Long-Term Auction Sequence to reflect firm dates for the sequence that has received final approval, and advisory dates for the subsequent sequence(s) that have received advisory approval.

(iii) Any firm date on the CRR Auction calendar shall only be modified if ERCOT determines that the successful execution of the auction would be jeopardized without such modification. If a delay in completion of a CRR Auction that is part of a CRR Long-Term Auction Sequence results in a condition whereby an overlap of credit posting requirements for consecutive CRR Auctions within that sequence would occur, subsequent CRR Auctions within the sequence shall be delayed by the minimum amount of time required to relieve such overlap. In any such cases, ERCOT shall issue a Market Notice upon posting of the revised dates advising of the change(s) and their cause.

(5) For each CRR Auction, the CRR Auction Capacity shall be defined as follows:

(a) For the CRR Monthly Auction, 90%.

(b) For any CRR Auction that is part of a CRR Long-Term Auction Sequence, 60%, 45%, 30%, or 15% for the first, second, third, and fourth six-month windows sold in the sequence, respectively.

(6) For any month covered by a CRR Auction that is part of a CRR Long-Term Auction Sequence, ERCOT shall offer network capacity equal to:

(a) The expected network topology for that month, scaled down to the CRR Auction Capacity percentage; minus

(b) All outstanding CRRs that were previously allocated for the month, scaled down to the CRR Auction Capacity percentage; minus

(c) All outstanding CRRs that were previously awarded for the month in any previous CRR Auction.

(7) For the CRR Monthly Auction, ERCOT shall offer network capacity equal to the difference between:

(a) The expected transmission network topology in the CRR Network Model of the month for which the CRRs are effective scaled down to the CRR Auction Capacity percentage; and

(b) All outstanding CRRs that were previously awarded or allocated for the month.

7.5.2 CRR Auction Offers and Bids

(1) To submit bids or offers into a CRR Auction, an Entity must become a CRR Account Holder and satisfy financial assurance criteria required to participate, under Section 16.8, Registration and Qualification of Congestion Revenue Rights Account Holders.

(2) In order to enforce a volume limitation on the number of market transactions (bids and offers) submitted into the CRR Auction, ERCOT shall evaluate the maximum number of transactions which are available prior to the auction, and evenly divide the limit across the CRR Account Holders eligible to submit bids or offers according to paragraph (1) above. This limit shall be designated as the preliminary allocated CRR transaction limit. The preliminary allocated CRR transaction limitation for all CRR Account Holders will be communicated as part of the CRR Auction Notice prior to each auction.

(a) Prior to opening the CRR Auction for bidding but after the credit lock deadline, ERCOT shall determine which of the CRR Account Holders are Participating CRR Account Holders for that CRR Auction. ERCOT shall then calculate a final allocated CRR transaction limit by evenly dividing the number of available transactions across the Participating CRR Account Holders. ERCOT shall notify all CRR Account Holders of this revised limit prior to opening the CRR Auction to receive transactions.

(b) The TAC shall establish transaction limits for the CRR Auctions for Participating CRR Account Holders. As part of TAC consideration to establish or change transaction limits, ERCOT shall provide upon TAC request to TAC or a TAC-designated subcommittee the historical number of transactions submitted by each CRR Account Holder and the number of active CRR Account Holders aggregated up to the associated Counter-Party for each requested CRR Auction without identifying the names of the CRR Account Holders or Counter-Parties. Upon TAC approval of a change in transaction limits, ERCOT shall post these values as part of the next regularly scheduled CRR Auction Notice. Only Participating CRR Account Holders are allowed to submit transactions in the relevant CRR Auction.

(c) If the total number of transactions submitted by all Market Participants into the CRR Auction does not exceed the maximum number of transactions available prior to the auction, then the final allocated CRR transaction limit will not apply and all transactions will be accepted.

(d) Within one hour of the close of each CRR Auction, ERCOT shall notify all CRR Account Holders of the total number of transactions submitted by all Market Participants and whether or not a transaction adjustment period is necessary.

(e) If ERCOT announces a transaction adjustment period, ERCOT shall reject all transactions submitted by each Participating CRR Account Holder whose sum total of transactions submitted to the affected CRR Auction exceeds the final allocated transaction limit. Each Participating CRR Account Holder may then

adjust their transactions while respecting the final allocated CRR transaction limitation for the affected CRR Auction within one Business Day. ERCOT will then execute the CRR Auction using the updated set of transactions as revised by Market Participants.

(f) Each Counter-Party is limited to a total of three CRR Account Holders.

(g) ERCOT shall charge a fee on each PTP Option bid awarded in each CRR Auction as described in Section 7.7, Point-to-Point (PTP) Option Award Fee.

7.5.2.1 CRR Auction Offer Criteria

(1) A CRR Auction Offer indicates a willingness to sell CRRs at the auction clearing price, if it equals or exceeds the Minimum Reservation Price. It must be submitted by a Participating CRR Account Holder and must include the following:

(a) The short name of the Participating CRR Account Holder;

(b) The unique identifier for each CRR being offered, which must include the single type of CRR being offered;

(c) The source Settlement Point and the sink Settlement Point or name of flowgate for the block of CRRs being offered;

(d) The month for which the block of CRRs is being offered, including time-of-use designation except that a 7x24 offer may not be designated;

(e) The quantity of CRRs in MW, which must be the same for each hour within the block, for which the Minimum Reservation Price is effective; and

(f) A dollars per CRR (i.e. dollars per MW per hour) for the Minimum Reservation Price.

(2) The Participating CRR Account Holder may submit a self-imposed credit limit for the CRR Monthly Auction or for each time-of-use in a CRR Auction that is part of a CRR Long-Term Auction Sequence, if desired.

(3) A Participating CRR Account Holder can only offer to sell one-month strips of CRRs for which it is the CRR Owner of record at the time of the offer.

(4) An offer to sell an FGR must specify the name of a flowgate as defined in Section 7.3.1, Flowgates.

(5) A CRR offer for a specified MW quantity of CRRs constitutes an offer to sell a quantity of CRRs equal to or less than the specified quantity. A CRR offer may not specify a minimum quantity of MW that the Participating CRR Account Holder wishes to sell.

7.5.2.2 CRR Auction Offer Validation

(1) A valid CRR Auction Offer is a CRR Auction Offer that ERCOT has determined meets the criteria listed in Section 7.5.2.1, CRR Auction Offer Criteria.

(2) ERCOT shall continuously display on the MIS Certified Area information that allows any CRR Account Holder submitting a CRR Auction Offer to view its valid CRR Auction Offers.

(3) As soon as practicable, ERCOT shall notify each CRR Account Holder of any of its CRR Auction Offers that are invalid. The CRR Account Holder may correct and resubmit any invalid CRR Auction Offer, within the appropriate auction timeline.

7.5.2.3 CRR Auction Bid Criteria

(1) A CRR Auction Bid indicates a willingness to buy CRRs at the auction clearing price, if it is equal to or less than the Not-to-Exceed Price. It must be submitted by a Participating CRR Account Holder and must include the following:

(a) The short name of the Participating CRR Account Holder;

(b) The single type of CRR being bid;

(c) The source Settlement Point and the sink Settlement Point or name of flowgate for the block of CRRs being bid;

(d) The month or strip of consecutive months for which the block of CRRs is being bid, including time-of-use designation, which may include a 7x24 block in a CRR Monthly Auction but not in a CRR Auction held as part of a CRR Long-Term Auction Sequence;

(e) The quantity of CRRs in MW, which must be the same for each hour within the block, for which the Not-to-Exceed Price is effective; and

(f) A dollars per CRR (i.e. dollars per MW per hour) for the Not-to-Exceed Price.

(2) The Participating CRR Account Holder may submit a self-imposed credit limit for the CRR Monthly Auction or for each time-of-use in a CRR Auction that is part of a CRR Long-Term Auction Sequence, if desired.

(3) A bid to buy a PTP Option or FGR cannot specify a non-positive Not-to-Exceed Price less than the Minimum PTP Option Bid Price.

(4) A bid to buy a PTP Obligation can specify a negative Not-to-Exceed Price.

(5) A bid to buy an FGR must specify the name of a flowgate defined in Section 7.3.1, Flowgates.

(6) A CRR bid for a specified MW quantity of CRRs constitutes a bid to buy a quantity of CRRs equal to or less than the specified quantity. A CRR bid may not specify a minimum quantity of MW that the Participating CRR Account Holder wishes to buy.

(7) A CRR bid may not contain a source Settlement Point and a sink Settlement Point that are Electrically Similar Settlement Points, nor may CRR bids be submitted by any combination of Participating CRR Account Holders within the same Counter-Party to create the net effect of a single PTP Obligation bid containing a source Settlement Point and a sink Settlement Point that are Electrically Similar Settlement Points.

7.5.2.4 CRR Auction Bid Validation

(1) A valid CRR Auction Bid is a CRR Auction Bid that ERCOT has determined meets the criteria listed in Section 7.5.2.3, CRR Auction Bid Criteria.

(2) ERCOT shall continuously display on the MIS Certified Area information that allows any CRR Account Holder submitting a CRR Auction Bid to view its valid CRR Auction Bids.

(3) As soon as practicable, ERCOT shall notify each CRR Account Holder of any of its CRR Auction Bids that are invalid. The CRR Account Holder may correct and resubmit any invalid CRR Auction Bid, if within the appropriate auction timeline.

7.5.3 ERCOT Responsibilities

(1) ERCOT shall:

(a) Manage the qualification and registration of eligible CRR Account Holders;

(b) Post calendar of CRR Auctions;

(c) Initiate, direct, and oversee the CRR Auction;

(d) Post CRR Auction results;

(e) Maintain a record of the CRRs;

(f) Provide a mechanism to record CRR bilateral transactions;

(g) Determine CRR Auction Settlement and distribute auction revenues;

(h) Keep, under the ERCOT data retention policy, all information and tools necessary to reproduce CRR calculations; and

(i) Post CRR Network Model of the effective month of the auction on the MIS Secure Area, before each CRR Auction:

(i) For the CRR Monthly Auction, the model shall be posted no later than 10 Business Days before the auction.

(ii) For any CRR Long-Term Auction Sequence, the models shall be posted no later than 20 Business Days before the sequence commences.

(2) ERCOT shall use the CRR Network Model as defined in Section 3.10.3, CRR Network Model.

(3) ERCOT shall develop and maintain a CRR guide to help Market Participants with the CRR program.

(4) Before each auction, ERCOT shall establish a credit limit under Section 16, Registration and Qualification of Market Participants, that is imposed in the CRR Auction.

(5) Two Business Days prior to the credit lock for each CRR Auction, ERCOT shall post on the MIS Public Area the credit related path-specific DAM-based adders and the historical CRR Auction clearing prices as applicable in support of the credit adders defined in Section 7.5.5.3, Auction Process, for the existing CRR Inventory.

7.5.3.1 Data Transparency

(1) Following each CRR Auction, ERCOT shall record and make available to each CRR Account Holder on the MIS Certified Area the following information for each CRR awarded in, sold in, or allocated before, the CRR Auction to the specific CRR Account Holder:

(a) Unique identifier of each CRR;

(b) Type of CRR (PTP Option, PTP Obligation, PTP Option with Refund, PTP Obligation with Refund or FGRs);

(c) Clearing price and, if applicable, the Pre-Assigned Congestion Revenue Right (PCRR) pricing factor of each CRR;

(d) Except for FGRs, the source and sink of each CRR;

(e) FGR identity and direction;

(f) The date and time-of-use block for which the CRR is effective; and

(g) Total MW of each PTP pair of CRR, awarded, sold or allocated, or total MW for each flowgate, awarded, sold or allocated.

[NPRR455: Insert paragraph (2) below and renumber accordingly upon system implementation:]

(2) Following each CRR Auction, ERCOT shall post to the MIS Secure Area Shift Factors from each Settlement Point on any binding constraints in the auction.

(2) Following each CRR Auction, ERCOT shall post to the MIS Public Area the following information for all outstanding or sold CRRs following this auction:

(a) PTP Options and PTP Options with Refund – the source and sink, and total MWs;

(b) PTP Obligations and PTP Obligations with Refund – the source and sink and total MWs;

(c) FGRs – the identity of each directional flowgate, and the magnitude of positive flow (MW) on each directional network element represented by each flowgate;

(d) The identities of the CRR Account Holders that sold, were awarded, or were allocated CRRs in or before the CRR Auction;

(e) The clearing prices for each strip of CRR Auction bids and CRR Auction offers awarded in the CRR Auction;

(f) The identity and post contingency flow of each binding directional element based on the CRR Network Model used in the CRR Auction;

(g) All CRR Auction bids and CRR Auction offers, without identifying the name of the CRR Account Holder that submitted the bid or offer; and

(h) The clearing prices for each strip of CRRs bid or offered in the CRR Auction.

7.5.3.2 Auction Notices

Not less than 20 days before each CRR Long-Term Auction Sequence and not less than ten days before each CRR Monthly Auction, ERCOT shall post the following to the MIS Public Area:

(a) For the CRR Auction, number and type (PTP Options or PTP Obligations) of CRRs previously awarded or allocated for each appropriate month, including the source and sink for each such CRR;

(b) Deadline for CRR Account Holders to satisfy financial requirements to participate in the auction;

(c) Specifications for the equipment and interfaces necessary to participate in the CRR Auction;

(d) Date and time by which CRR Auction bids and CRR Auction offers in the CRR Auction must be submitted;

(e) Bid and offer format;

(f) Minimum PTP Option Bid Price;

(g) The preliminary allocated CRR transaction limit as defined in paragraph (2) of Section 7.5.2, CRR Auction Offers and Bids; and

(h) Any other relevant information of commercial significance to CRR Account Holders, including a list of Electrically Similar Settlement Points.

7.5.4 CRR Account Holder Responsibilities

(1) Participating CRR Account Holders may submit CRR Auction Bids and CRR Auction Offers.

(2) Each CRR Account Holder must maintain adequate credit for its CRR holdings, and CRR Auction participation requirements, as described in Section 16, Registration and Qualification of Market Participants.

7.5.5 Auction Clearing Methodology

7.5.5.1 Creditworthiness

The CRR Auction system prevents a CRR Account Holder from being awarded bids and offers that exceed the lesser of the CRR Account Holder's self-imposed credit limit or the credit limit as prescribed in Section 16.11.4.6.1, Credit Requirements for CRR Auction Participation.

7.5.5.2 Disclosure of CRR Ownership

ERCOT shall post monthly, by the fifth Business Day of the month, on the MIS Public Area CRR ownership of record for each source and sink pair and each flowgate: the identities of the CRR Account Holders, type of CRR held by that account holder, and total MWs held by that account holder.

7.5.5.3 Auction Process

(1) The CRR Auction must be a single-round, simultaneous auction for selling the CRRs available for all auction products. ERCOT shall enter into the CRR Auction system a credit limit for each Counter-Party that has at least one CRR Account Holder. A Counter-Party's CRR Auction credit limit is equal to the lesser of the credit limit as determined in Section 16.11.4.6.1, Credit Requirements for CRR Auction Participation, or, if provided, the Counter-Party's self-imposed CRR Auction credit limit for the CRR Monthly Auction or for a time-of-use within a CRR Auction held as part of a CRR Long-Term Auction Sequence.

(2) Prior to the CRR Auction, ERCOT will conduct a two-part pre-auction screening process. First, if the Counter-Party's CRR Auction credit limit is greater than that Counter-Party's credit exposure as defined below using the CRR bid volumes rather than awarded volumes, then the Counter-Party's CRR Auction credit limit will be ignored as the CRR Auction is solved. Second, for each CRR Account Holder of a Counter-Party, if the CRR Account Holder's self-imposed credit limit is greater than that CRR Account Holder's credit exposure as defined below, then the CRR Account Holder's self-imposed credit limit will be ignored as the CRR Auction is solved.

The calculated exposure for the pre-auction screening for each CRR Account Holder is the sum of the credit exposure for PTP Obligation bids, PTP Obligation offers, and PTP Option bids for that CRR Account Holder. The calculated exposure for the pre-auction screening for each Counter-Party is the sum of the credit exposure for PTP Obligation bids, PTP Obligation offers, and PTP Option bids for that Counter-Party. PTP Option offers have zero credit exposure. Separately, for PTP Obligation bids, PTP Obligation offers, and PTP Option bids each, for each source/sink Settlement Point combination, the credit exposure will use the bid price and MW quantity that produces the maximum credit exposure that could result from the CRR Auction for that source/sink Settlement Point combination.

(3) The credit constraint for each Counter-Party is based on the following calculation:

$$\mathbf{ACR_b = AOBLCR_b + AOPTCR_b + AFGRCR_b - AOBLCRO_b}$$

Where:

$$AOBLCR_b = \sum_m \sum_h \sum_{j,k} [(BOBLMW_{m,h,(j,k),b} * (Max(0, BPOBL_{m,h,(j,k),b}) - Min(0, A_{ci99,m,h,(j,k),b}, ACP_{m,h,(j,k)}) + S_{m,h,(j,k)}))$$

$$AOPTCR_b = \sum_m \sum_h \sum_{j,k} [(BOPTMW_{m,h,(j,k),b} * BPOPT_{m,h,(j,k),b})]$$

$$AFGRCR_b = \sum_m \sum_h \sum_{j,k} [(BFGRMW_{m,h,(j,k),b} * BPFGR_{m,h,(j,k),b}]$$

$$AOBLCRO_b = \sum_m \sum_h \sum_{j,k} (OOBLMW_{m,h,(j,k),b} * Min(0, OPOBL_{m,h,(j,k),b}))$$

The above variables are defined as follows:

Variable	Unit	Description
ACR_b	$	*Auction Credit Requirement*—The auction credit requirement for a Counter-Party *b*.
$AOBLCR_b$	$	*Auction PTP Obligation Credit Requirement*—The auction credit requirement for all PTP Obligation bids submitted by a Counter-Party *b* for all Operating Days.
$BOBLMW_{m,h,(j,k),b}$	MW	*Awarded Bid PTP Obligation*—The awarded bid PTP Obligation with the source *j* and sink *k* for the hour *h*, and month *m* submitted by a Counter-Party *b*.
$BPOBL_{m,h,(j,k),b}$	$/MW per hour	*Bid Price for PTP Obligation*—Bid Price for PTP Obligation with the source *j* and sink *k* for the hour *h*, and month *m* submitted by a Counter-Party *b*.
$A_{ci\ 99,m,h,(j,k),b}$	$/MW	*Path-Specific DAM-Based Adder*—The path-specific DAM-based adder with the source *j* and sink *k* for the hour *h*, and month *m* submitted by a Counter-Party *b*;

	per hour	calculated as 99th percentile of the average rolling consecutive DAM settled price for the reference CRR source/sink over a period that represents a month for each product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of Nodal Market go-live to current time and current time minus 3 years. If historical Day-Ahead Settlement Point Prices (DASPPs) are not available for a Settlement Point for one or more Operating Days, ERCOT will designate a proxy Settlement Point for this purpose, and the DASPPs of the proxy Settlement Point of corresponding Operating Days are used.
$ACP_{m, h, (j, k)}$	$/MW per hour	*Auction Clearing Price*—The auction clearing price with the source *j* and sink *k* for the hour *h,* and month *m;* and represents the most recent auction clearing price.
$S_{m, h, (j, k)}$	$/MW per hour	*State Change Adder*—The state change adder with the source *j* and sink *k* for the hour *h,* and month *m* will be set at a default of $0/MW per hour. A change to this value will be initiated by ERCOT to mitigate against unforeseen increases to potential credit exposure and will require TAC approval to be in place for more than 60 days. *S* is either zero or positive.
$AOBLCRO_{b}$	$	*Auction PTP Obligation Credit Requirement for Offers*—The auction credit requirement for all PTP Obligation offers submitted by a Counter-Party *b* for all Operating Days.
$OOBLMW_{m, h, (j, k), b}$	MW	*Awarded Offer PTP Obligation*—The awarded offer PTP Obligation with source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b.*
$OPOBL_{m, h, (j, k), b}$	$/MW per hour	*Offer Price for PTP Obligation*—The offer price for PTP Obligation with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b*.
$AOPTCR_{b}$	$	*Auction PTP Option Bid Credit Requirement*—The auction credit requirement for all PTP Option bids submitted by a Counter-Party *b.*
$BOPTMW_{m, h, (j, k),b}$	MW	*Awarded Bid PTP Option*—The awarded bid PTP Option with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b.*
$BPOPT_{m, h, (j, k), b}$	$/MW per hour	*Bid Price for PTP Option*—The bid price for PTP Option with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b*.
$AFGRCR_{b}$	$	*Auction FGR Bid Credit Requirement*—The auction credit requirement for all FGR bids submitted by a Counter-Party *b* for all Operating Days.
$BFGRMW_{m, h, (j, k), b}$	MW	*Awarded Bid FGR*—The awarded bid FGR with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b*.
$BPFGR_{m, h, (j, k), b}$	$/MW per hour	*Bid Price for FGR*—The bid price for FGR with the source *j* and sink *k* for the hour *h,* and month *m* submitted a Counter-Party *b.*
b	none	A Counter-Party.
m	none	An operating month.
h	none	An Operating Hour.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
ci99	none	99th percentile confidence interval.

[NPRR484: Replace paragraph (3) above with the following upon system implementation:]

(3) The credit constraint for each Counter-Party is based on the following calculation:

$$\mathbf{ACR}_{b} = \mathbf{AOBLCR}_{b} + \mathbf{AOPTCR}_{b} + \mathbf{AFGRCR}_{b} - \mathbf{AOBLCRO}_{b}$$

Where:

$$AOBLCR_{b} = \sum_{m}\sum_{h}\sum_{j,k}[(BOBLMW_{m,h,(j,k),b} * (Max(0, BPOBL_{m,h,(j,k),b}) - Min(0, A_{ci99,m,h,(j,k),b}, ACP_{m,h,(j,k)}) + S_{m,h,(j,k)}))$$

$$AOPTCR_{b} = \sum_{m}\sum_{h}\sum_{j,k}[(BOPTMW_{m,h,(j,k),b} * BPOPT_{m,h,(j,k),b})]$$

$$AFGRCR_{b} = \sum_{m}\sum_{h}\sum_{j,k}[(BFGRMW_{m,h,(j,k),b} * BPFGR_{m,h,(j,k),b}]$$

$$AOBLCRO_{b} = \sum_{m}\sum_{h}\sum_{j,k}(OOBLMW_{m,h,(j,k),b} * Min(0, OPOBL_{m,h,(j,k),b}))$$

The above variables are defined as follows:

Variable	Unit	Description
ACR_{b}	$	*Auction Credit Requirement*—The auction credit requirement for a Counter-Party *b*.
$AOBLCR_{b}$	$	*Auction PTP Obligation Credit Requirement*—The auction credit requirement for all PTP Obligation bids submitted by a Counter-Party *b* for all Operating Days.
$BOBLMW_{m,h,(j,k),b}$	MW	*Awarded Bid PTP Obligation*—The awarded bid PTP Obligation with the source *j* and sink *k* for the hour *h*, and month *m* submitted by a Counter-Party *b*.
$BPOBL_{m,h,(j,k),b}$	$/MW per hour	*Bid Price for PTP Obligation*—Bid Price for PTP Obligation with the source *j* and sink *k* for the hour *h*, and month *m* submitted by a Counter-Party *b*.
$A_{ci\ 99,m,h,(j,k),b}$	$/MW per hour	*Path-Specific DAM-Based Adder*—The path-specific DAM-based adder with the source *j* and sink *k* for the hour *h*, and month *m* submitted by a Counter-Party *b*; calculated as 99th percentile of the average rolling consecutive DAM settled price for the reference CRR source/sink over a period that represents a month for each product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of Nodal Market go-live to current time and current time minus 3 years. If historical Day-Ahead Settlement Point Prices (DASPPs) are not available for a Settlement Point for one or more Operating Days, ERCOT will designate a proxy Settlement Point for this purpose, and the DASPPs of the proxy Settlement Point of corresponding Operating Days are used. Specific historic DAM settled prices for source/ sink pairings can be excluded from the calculation if deemed no longer relevant following TAC review and ERCOT Board approval.
$ACP_{m,h,(j,k)}$	$/MW per hour	*Auction Clearing Price*—The auction clearing price with the source *j* and sink *k* for the hour *h*, and month *m;* and represents the most recent auction clearing price.
$S_{m,h,(j,k)}$	$/MW per hour	*State Change Adder*—The state change adder with the source *j* and sink *k* for the hour *h*, and month *m* will be set at a default of $0/MW per hour. A change to this value will be initiated by ERCOT to mitigate against unforeseen increases to potential credit exposure and will require TAC approval to be in

		place for more than 60 days. *S* is either zero or positive.
AOBLCRO $_{b}$	$	*Auction PTP Obligation Credit Requirement for Offers*—The auction credit requirement for all PTP Obligation offers submitted by a Counter-Party *b* for all Operating Days.
OOBLMW $_{m, h, (j, k), b}$	MW	*Awarded Offer PTP Obligation*—The awarded offer PTP Obligation with source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b.*
OPOBL $_{m, h, (j, k), b}$	$/MW per hour	*Offer Price for PTP Obligation*—The offer price for PTP Obligation with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b.*
AOPTCR $_{b}$	$	*Auction PTP Option Bid Credit Requirement*—The auction credit requirement for all PTP Option bids submitted by a Counter-Party *b.*
BOPTMW $_{m, h, (j, k),b}$	MW	*Awarded Bid PTP Option*—The awarded bid PTP Option with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b.*
BPOPT $_{m, h, (j, k), b}$	$/MW per hour	*Bid Price for PTP Option*—The bid price for PTP Option with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b*.
AFGRCR $_{b}$	$	*Auction FGR Bid Credit Requirement*—The auction credit requirement for all FGR bids submitted by a Counter-Party *b* for all Operating Days.
BFGRMW $_{m, h, (j, k), b}$	MW	*Awarded Bid FGR*—The awarded bid FGR with the source *j* and sink *k* for the hour *h,* and month *m* submitted by a Counter-Party *b.*
BPFGR $_{m, h, (j, k), b}$	$/MW per hour	*Bid Price for FGR*—The bid price for FGR with the source *j* and sink *k* for the hour *h,* and month *m* submitted a Counter-Party *b.*
b	none	A Counter-Party.
m	none	An operating month.
h	none	An Operating Hour.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
ci99	none	99th percentile confidence interval.

(4) ERCOT may review preliminary CRR Auction results to ensure that post auction collateral requirements are satisfied for all CRR Account Holders participating in the CRR Auction. If it is practicable to rerun the applicable CRR Auction, and the post CRR Auction collateral requirements for a Counter-Party are not satisfied, ERCOT:

(a) Shall promptly notify the Counter-Party of the amount by which its Financial Security must be increased and allow it until 1500 on the next Bank Business Day from the date on which ERCOT delivered Notification to increase the Financial Security.

(b) If sufficient Financial Security is not received by 1500 on the next Bank Business Day, ERCOT shall void all of the Counter-Party's bids and offers in the CRR Auction and rerun the CRR Auction without that Counter-Party's activity.

(c) ERCOT shall award CRRs in quantities truncated to the nearest tenth MW (0.1 MW).

(d) The CRR clearing price is equal to the corresponding Shadow Price for that CRR product.

(e) When a CRR Account Holder is awarded CRRs as a result of a CRR Auction, the CRRs do not become the property of the winning CRR Account Holder, and the CRRs may not be placed in their CRR accounts, until the required CRR Invoice has been paid.

[NPRR484: Replace paragraph (4) above with the following upon system implementation:]

(4) ERCOT may review preliminary CRR Auction results to ensure that post auction collateral requirements are satisfied for all CRR Account Holders participating in the CRR Auction. If it is practicable to rerun the applicable CRR Auction, and the post CRR Auction collateral requirements for a Counter-Party are not satisfied, ERCOT:

(a) Shall promptly notify the Counter-Party of the amount by which its Financial Security must be increased and allow it until 1500 on the next Bank Business Day from the date on which ERCOT delivered Notification to increase the Financial Security.

(b) If sufficient Financial Security is not received by 1500 on the next Bank Business Day, ERCOT shall void all of the Counter-Party's bids and offers in the CRR Auction and rerun the CRR Auction without that Counter-Party's activity.

(c) ERCOT shall award CRRs in quantities truncated to the nearest tenth MW (0.1 MW).

(d) The CRR clearing price is equal to the corresponding Shadow Price for that CRR product.

(e) When a CRR Account Holder is awarded CRRs as a result of a CRR Auction, the CRRs do not become the property of the winning CRR Account Holder, and the CRRs may not be placed in their CRR accounts, until either the required CRR Invoice has been paid, or the appropriate level of collateral as defined by the Future Credit Exposure (FCE) calculation in Section 16.11.4, Determination and Monitoring of Counter-Party Credit Exposure, has been posted.

(f) When a CRR Account Holder sells PTP Obligations as a result of an auction at a negative price, the CRR Account Holder is not relieved of the PTP Obligations until the CRR Invoices have been paid in full.

(5) ERCOT shall use a linear programming auction engine model for each CRR Auction that evaluates all CRR Auction bids and CRR Auction offers submitted, and selects a combination of CRR Auction bids and CRR Auction offers that:

(a) Makes the solution simultaneously feasible within the limits of the ERCOT network capability over the auction term; and

(b) Maximizes the objective function, which is equal to the total economic value (as expressed in the CRR Auction bids) of the awarded CRR Auction bids, less the total economic cost (as expressed in CRR Auction offers) of the awarded CRR Auction offers, while observing all applicable constraints.

(6) The CRR Network Model must, to the extent practicable, reflect the continuous and post-contingency system operating limits and operational procedures (i.e., Special Protection Systems (SPSs) and Remedial Action Plans (RAPs)) in the Network Operations Model used by ERCOT during Real-Time Operations, as discussed below in Section 7.5.5.4, Simultaneous Feasibility Test.

(7) Once a CRR Auction is complete, ERCOT shall archive and keep the CRR Auction system and all models used to finalize the CRR Auction results under ERCOT's data retention policy as that policy applies to data that may be needed to resolve requests for billing adjustments under applicable billing adjustment procedures.

[NPRR407: Insert paragraph (8) below upon system implementation:]

(8) Once a CRR Auction is complete, ERCOT will make available on the MIS Certified Area each active CRR Account Holder's credit exposure calculated within the CRR Auction process (as defined in paragraph (3) above).

7.5.5.4 Simultaneous Feasibility Test

(1) The Simultaneous Feasibility Test (SFT) is a market feasibility test that confirms that the transmission system can support the awarded set of CRRs during normal system conditions, assuming that the Network Operations Model updated with Real-Time network topology is the same as that modeled (for the CRR Auction), while observing all security constraints.

(2) The SFT uses a Direct Current (DC) power-flow model to model the effect of CRR Auction bids and offers on the expected system network topology during the auction term. SFT is not a system reliability test and is not intended to model actual system operating conditions. SFTs are run during the determination of the winning bids and offers for the CRR Auction.

(3) Inputs to the SFT model include:

(a) CRR bids and offers for the auction;

(b) All previously awarded or allocated CRRs for each month;

(c) Transmission line Outage schedules;

(d) Expected configuration of Transmission Facilities, adjusted for oversold CRRs, as specified in paragraph (e) below;

(e) Increased capacity of each element that has been oversold in prior CRR Auctions and CRR allocations to exactly match the amount of CRRs that have been sold or allocated on that element (this ensures the feasibility of the CRR Auction);

(f) Thermal operating limits (including estimates for Dynamic Ratings) for transmission lines;

(i) For a CRR Long-Term Auction Sequence, ERCOT shall use Dynamic Ratings based on a historical analysis of the maximum peak-hour temperatures for the previous ten years; and

(ii) For the CRR Monthly Auction, ERCOT shall use Dynamic Ratings for the maximum peak-hour temperature forecast for the month;

(g) Voltage and stability limits that are valid for the study period converted to thermal limits;

(h) ERCOT Transmission Grid pre- and post-contingency ratings;

(i) All Transmission Element contingencies expected to be used by ERCOT in Real-Time operations; and

(j) RAPs and SPSs.

7.5.6 CRR Auction Settlements

7.5.6.1 Payment of an Awarded CRR Auction Offer

(1) ERCOT shall pay each CRR Account Holder of its PTP Obligation offers awarded in each CRR Auction. The payment for each source and sink pair for a given Time of Use (TOU) period is calculated as follows:

$$\mathbf{OBLSAMT}_{crrh,(j,k),a} = \mathbf{(-1) * OBLPR}_{(j,k),a} \mathbf{* OBLS}_{crrh,(j,k),a}$$

The above variables are defined as follows:

Variable	Unit	Definition
$OBLSAMT_{crrh,(j,k),a}$	$	*PTP Obligation Sale Amount per CRR Account Holder per source and sink pair per CRR Auction*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Obligation offers with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour.

OBLPR $_{(j, k), a}$	$/MWh	*PTP Obligation Price per source and sink pair per CRR Auction*—The clearing price of a PTP Obligation with the source *j* and the sink *k* in CRR Auction *a*, for the hour.
OBLS $_{crrh, (j, k), a}$	MW	*PTP Obligation Sale per CRR Account Holder per source and sink pair per CRR Auction*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s PTP Obligation offers associated with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
a	none	A CRR Auction.

(2) ERCOT shall pay each CRR Account Holder of its PTP Option offers awarded in each CRR Auction. The payment for each source and sink pair for a given TOU period is calculated as follows:

OPTSAMT $_{crrh, (j, k), a}$ **= (-1) * OPTPR** $_{(j, k), a}$ *** OPTS** $_{crrh, (j, k), a}$

The above variables are defined as follows:

Variable	Unit	Definition
OPTSAMT $_{crrh, (j, k), a}$	$	*PTP Option Sale Amount per CRR Account Holder per source and sink pair per CRR Auction*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Option bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour.
OPTPR $_{(j, k), a}$	$/MWh	*PTP Option Price per source and sink pair per CRR Auction*—The clearing price of a PTP Option with the source *j* and the sink *k* in CRR Auction *a*, for the hour.
OPTS $_{crrh, (j, k), a}$	MW	*PTP Option Sale per CRR Account Holder per source and sink pair per CRR Auction*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s PTP Option offers with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
a	none	A CRR Auction.

(3) ERCOT shall pay each CRR Account Holder of its FGR offers awarded in each CRR Auction. The payment for each flowgate for a given TOU period is calculated as follows:

FGRSAMT $_{crrh, f, a}$ **= (-1) * FGRPR** $_{f, a}$ *** FGRS** $_{crrh, f, a}$

The above variables are defined as follows:

Variable	Unit	Definition
FGRSAMT $_{crrh, f, a}$	$	*Flowgate Right Sale Amount per CRR Account Holder per flowgate per CRR Auction*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total FGR offers associated with FGR *f* awarded in CRR Auction *a*, for the hour.
FGRPR $_{f, a}$	$/MWh	*Flowgate Right Price per flowgate per CRR Auction*—The clearing price of FGR *f* in CRR Auction *a*, for the hour.

FGRS $_{crrh, f, a}$	MW	*Flowgate Right Sale per CRR Account Holder per flowgate per CRR Auction*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s FGR offers associated with FGR *f* awarded in CRR Auction *a*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
f	none	An FGR.
a	none	A CRR Auction.

7.5.6.2 Charge of an Awarded CRR Auction Bid

(1) ERCOT shall charge each CRR Account Holder of its PTP Obligation bids awarded in each CRR Auction. The charge for each source and sink pair for a given Operating Hour is calculated as follows:

$$\mathbf{OBLPAMT}_{crrh, (j, k), a} = \mathbf{OBLPR}_{(j, k), a} * \mathbf{OBLP}_{crrh, (j, k), a}$$

The above variables are defined as follows:

Variable	Unit	Definition
OBLPAMT $_{crrh, (j, k), a}$	$	*PTP Obligation Purchase Amount per CRR Account Holder per source and sink pair per CRR Auction*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Obligation bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour.
OBLPR $_{(j, k), a}$	$/MWh	*PTP Obligation Price per source and sink pair per CRR Auction*—The clearing price of a PTP Obligation with the source *j* and the sink *k* in CRR Auction *a*, for the hour.
OBLP $_{crrh, (j, k), a}$	MW	*PTP Obligation Purchase per CRR Account Holder per source and sink pair per CRR Auction*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s PTP Obligation bids associated with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
a	none	A CRR Auction.

(2) ERCOT shall charge each CRR Account Holder of its PTP Option bids awarded in each CRR Auction. The charge for each source and sink pair for a given TOU period is calculated as follows:

$$\mathbf{OPTPAMT}_{crrh, (j, k), a} = \mathbf{OPTPR}_{(j, k), a} * \mathbf{OPTP}_{crrh, (j, k), a}$$

The above variables are defined as follows:

Variable	Unit	Definition
OPTPAMT $_{crrh, (j, k), a}$	$	*PTP Option Purchase Amount per CRR Account Holder per source and sink pair per CRR Auction*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Option bids with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour.
OPTPR $_{(j, k), a}$	$/MWh	*PTP Option Price per source and sink pair per CRR Auction*—The clearing price of a PTP Option with the source *j* and the sink *k* in CRR Auction *a*, for the hour.
OPTP $_{crrh, (j, k), a}$	MW	*PTP Option Purchase per CRR Account Holder per source and sink pair per CRR*

Variable	Unit	Definition
		Auction—The MW quantity that represents the total of CRR Account Holder *ccrh*'s PTP Option bids associated with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
a	none	A CRR Auction.

(3) ERCOT shall charge each CRR Account Holder of its flowgate bids awarded in each CRR Auction. The charge for each flowgate for a given TOU period is calculated as follows:

$$\mathbf{FGRPAMT}_{crrh, f, a} = \mathbf{FGRPR}_{f, a} * \mathbf{FGRP}_{crrh, f, a}$$

The above variables are defined as follows:

Variable	Unit	Definition
$FGRPAMT_{crrh, f, a}$	$	*Flowgate Right Purchase Amount per CRR Account Holder per flowgate per CRR Auction*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total FGR bids associated with FGR *f* awarded in CRR Auction *a*, for the hour.
$FGRPR_{f, a}$	$/MWh	*Flowgate Right Price per flowgate per CRR Auction*—The clearing price of FGR *f* in CRR Auction *a*, for the hour.
$FGRP_{crrh, f, a}$	MW	*Flowgate Right Purchase per CRR Account Holder flowgate per CRR Auction*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s FGR bids associated with FGR *f* awarded in CRR Auction *a*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
f	none	An FGR.
a	none	A CRR Auction.

7.5.6.3 Charge of PCRRs Pertaining to a CRR Auction

(1) For pre-assigned PTP Obligations allocated before each CRR Auction, ERCOT shall charge each CRR Account Holder. The charge for each source and sink pair for a given TOU period is calculated as follows:

If $OBLPR_{(j, k), a} > 0$

$$\mathbf{PCRROBLAMT}_{crrh, (j, k), a, tech} = \mathbf{PCRROBLF}_{tech} * \mathbf{OBLPR}_{(j, k), a} * \mathbf{PCRROBL}_{crrh, (j, k), a, tech}$$

Otherwise

$$\mathbf{PCRROBLAMT}_{crrh, (j, k), a, tech} = \mathbf{OBLPR}_{(j, k), a} * \mathbf{PCRROBL}_{crrh, (j, k), a, tech}$$

The above variables are defined as follows:

Variable	Unit	Definition
$PCRROBLAMT_{crrh, (j, k), a, tech}$	$	*PCRR PTP Obligation Amount per CRR Account Holder per source and sink pair per CRR Auction by resource technology*—The charge calculated

Variable	Unit	Definition
		for CRR Account Holder *crrh* of the MW quantity that represents its total PTP Obligations associated with the source *j* and the sink *k* allocated before CRR Auction *a* based on Resources of the technology *tech*, for the hour.
PCRROBLF $_{tech}$		*PCRR PTP Obligation pricing Factor per resource technology*—The pricing factor of pre-allocated PTP Obligations based on Resources of the technology *tech*. See item (h)(ii) of Section 7.4.2, PCRR Allocation Terms and Conditions.
OBLPR $_{(j, k), a}$	$/MWh	*PTP Obligation Price per source and sink pair per CRR Auction*—The clearing price of a PTP Obligation with the source *j* and the sink *k* in CRR Auction *a*, for the hour.
PCRROBL $_{crrh, (j, k), a, tech}$	MW	*PCRR PTP Obligation per CRR Account Holder per source and sink pair per CRR Auction by resource technology*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s PTP Obligations associated with the source *j* and the sink *k* allocated before CRR Auction *a* based on Resources of the technology *tech*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
a	none	A CRR Auction.
tech	none	A Resource technology. See item (h) of Section 7.4.2.

(2) For pre-assigned PTP Options allocated before each CRR Auction, ERCOT shall charge each CRR Account Holder. The charge for each source and sink pair for a given TOU period is calculated as follows:

PCRROPTAMT $_{crrh, (j, k), a, tech}$ = **PCRROPTF** $_{tech}$ * **OPTPR** $_{(j, k), a}$ * **PCRROPT** $_{crrh, (j, k), a, tech}$

The above variables are defined as follows:

Variable	Unit	Definition
PCRROPTAMT $_{crrh, (j, k), a, tech}$	$	*PCRR PTP Option Amount per CRR Account Holder per source and sink pair per CRR Auction by resource technology*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents its total PTP Options associated with the source *j* and the sink *k* allocated before CRR Auction *a* based on Resources of the technology *tech*, for the hour.
PCRROPTF $_{tech}$		*PCRR PTP Option pricing Factor per resource technology*—The pricing factor of pre-allocated PTP Options based on Resources of the technology *tech*. See item (h)(i) of Section 7.4.2.
OPTPR $_{(j, k), a}$	$/MWh	*PTP Option Price per source and sink pair per CRR Auction*—The clearing price of a PTP Option with the source *j* and the sink *k* in CRR Auction *a*, for the hour.
PCRROPT $_{crrh, (j, k), a, tech}$	MW	*PCRR PTP Option per CRR Account Holder per source and sink pair per CRR Auction by resource technology*—The MW quantity that represents the total of CRR Account Holder *crrh*'s PTP Options with the source *j* and the sink *k* allocated before CRR Auction *a* based on Resources of the technology *tech*, for the hours of the TOU period.
crrh	none	A CRR Account Holder.
j	none	A source Settlement Point.

Variable	Unit	Definition
k	none	A sink Settlement Point.
a	none	A CRR Auction.
tech	none	A Resource technology. See item (h) of Section 7.4.2.

7.5.6.4 CRR Auction Revenues

(1) The revenue for a given month produced from CRRs that source and sink within the same 2003 ERCOT CMZ, cleared in each CRR Auction, is calculated as follows:

$$\mathbf{CRRZREV}_{z,a} = \sum_{h} \Big(\sum_{crrh} \sum_{j} \sum_{k} \mathbf{OBLSAMT}_{crrh,(j,k),z,a,h} + \sum_{crrh} \sum_{j} \sum_{k} \mathbf{OPTSAMT}_{crrh,(j,k),z,a,h} + \sum_{crrh} \sum_{f} \mathbf{FGRSAMT}_{crrh,f,z,a,h} + \sum_{crrh} \sum_{j} \sum_{k} \mathbf{OBLPAMT}_{crrh,(j,k),z,a,h} + \sum_{crrh} \sum_{j} \sum_{k} \mathbf{OPTPAMT}_{crrh,(j,k),z,a,h} + \sum_{crrh} \sum_{f} \mathbf{FGRPAMT}_{crrh,f,z,a,h} \Big)$$

The above variables are defined as follows:

Variable	Unit	Definition
$CRRZREV_{z,a}$	$	*CRR Zonal Revenue per zone per CRR Auction*—The revenue resulted from the CRRs that source and sink in CMZ *z*, cleared through CRR Auction Offers and CRR Auction Bids in CRR Auction *a*, for the month.
$OBLSAMT_{crrh,(j,k),z,a,h}$	$	*PTP Obligation Sale Amount per CRR Account Holder per source and sink pair per zone per CRR Auction per hour*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Obligation offers awarded in CRR Auction *a* with the source *j* and the sink *k*, both in CMZ *z*, for the hour *h*.
$OPTSAMT_{crrh,(j,k),z,a,h}$	$	*PTP Option Sale Amount per CRR Account Holder per source and sink pair per zone per CRR Auction per hour*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Option bids awarded in CRR Auction *a* with the source *j* and the sink *k*, both in CMZ *z*, for the hour *h*.
$FGRSAMT_{crrh,f,z,a,h}$	$	*Flowgate Right Sale Amount per CRR Account Holder per flowgate per zone per CRR Auction per hour*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total FGR offers awarded in CRR Auction *a* associated with FGR *f* in CMZ *z*, for the hour *h*.
$OBLPAMT_{crrh,(j,k),z,a,h}$	$	*PTP Obligation Purchase Amount per CRR Account Holder per source and sink pair per CRR Auction*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Obligation offers awarded in CRR Auction *a* with the source *j* and the sink *k*, both in CMZ *z*, for the hour *h*.
$OPTPAMT_{crrh,(j,k),z,a,h}$	$	*PTP Option Purchase Amount per CRR Account Holder per source and sink pair per zone per CRR Auction per hour*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Option bids awarded in CRR Auction *a* with the source *j* and the sink *k*, both in CMZ *z*, for the hour *h*.
$FGRPAMT_{crrh,f,z,a,h}$	$	*Flowgate Right Purchase Amount per CRR Account Holder per flowgate per zone per CRR Auction per hour*—The charge calculated for CRR Account

Variable	Unit	Definition
		Holder *crrh* of the MW quantity that represents the total FGR offers awarded in CRR Auction *a* associated with FGR *f* in CMZ *z*, for the hour *h*.
a	none	A CRR Auction.
z	none	A 2003 ERCOT CMZ.
crrh	none	A CRR Account Holder that paid the invoice in full.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
f	none	An FGR.
h	none	An hour in the month.

(2) The revenue for a given month produced from CRRs that source and sink in different 2003 ERCOT CMZs, cleared in each CRR Auction, is calculated as follows:

$$\mathbf{CRRNZREV}_{a} = \sum_{h}\Big(\sum_{crrh}\sum_{j}\sum_{k}\mathbf{OBLSAMT}_{crrh,(j,k),a,h} + \sum_{crrh}\sum_{j}\sum_{k}\mathbf{OPTSAMT}_{crrh,(j,k),a,h} + \sum_{crrh}\sum_{f}\mathbf{FGRSAMT}_{crrh,f,a,h} + \sum_{crrh}\sum_{j}\sum_{k}\mathbf{OBLPAMT}_{crrh,(j,k),a,h} + \sum_{crrh}\sum_{j}\sum_{k}\mathbf{OPTPAMT}_{crrh,(j,k),a,h} + \sum_{crrh}\sum_{f}\mathbf{FGRPAMT}_{crrh,f,a,h}\Big)$$

The above variables are defined as follows:

Variable	Unit	Definition
$\mathrm{CRRNZREV}_{a}$	$	*CRR Non-Zonal Revenue*—The revenue resulted from the CRRs that source and sink in different CMZs, cleared through CRR Auction Offers and CRR Auction Bids in CRR Auction *a*, for the month.
$\mathrm{OBLSAMT}_{crrh,(j,k),a,h}$	$	*PTP Obligation Sale Amount per CRR Account Holder per source and sink pair per CRR Auction*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Obligation offers awarded in CRR Auction *a* with the source *j* and the sink *k* in different CMZs, for the hour *h*.
$\mathrm{OPTSAMT}_{crrh,(j,k),a,h}$	$	*PTP Option Sale Amount per CRR Account Holder per source and sink pair per CRR Auction*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Option bids awarded in CRR Auction *a* with the source *j* and the sink *k* in different CMZs, for the hour *h*.
$\mathrm{FGRSAMT}_{crrh,f,a,h}$	$	*Flowgate Right Sale Amount per CRR Account Holder per flowgate per CRR Auction*—The payment calculated for CRR Account Holder *crrh* of the MW quantity that represents the total FGR offers awarded in CRR Auction *a* associated with FGR *f* across CMZs, for the hour *h*.
$\mathrm{OBLPAMT}_{crrh,(j,k),a,h}$	$	*PTP Obligation Purchase Amount per CRR Account Holder per source and sink pair per CRR Auction*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Obligation offers awarded in CRR Auction *a* with the source *j* and the sink *k* in different CMZs, for the hour *h*.
$\mathrm{OPTPAMT}_{crrh,(j,k),a,h}$	$	*PTP Option Purchase Amount per CRR Account Holder per source and sink*

Variable	Unit	Definition
		pair per CRR Auction—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total PTP Option bids awarded in CRR Auction *a* with the source *j* and the sink *k* in different CMZs, for the hour *h*.
FGRPAMT $_{crrh, f, a, h}$	$	*Flowgate Right Purchase Amount per CRR Account Holder per flowgate per CRR Auction*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents the total FGR offers awarded in CRR Auction *a* associated with FGR *f* across CMZs, for the hour *h*.
a	none	A CRR Auction.
crrh	none	A CRR Account Holder that paid the invoice in full.
(j, k)	none	A pair of source and sink Settlement Points in different CMZs.
f	none	An FGR across CMZs.
h	none	An hour in the month.

(3) The revenue for a given month produced from PCRRs that source and sink within the same 2003 ERCOT CMZ, pertaining to each CRR Auction, is calculated as follows:

$$\mathbf{PCRRZREV}_{z,a} = \sum_{h} \left(\sum_{crrh} \sum_{j} \sum_{k} \sum_{tech} \mathbf{PCRROBLAMT}_{crrh,(j,k),z,a,tech,h} + \sum_{crrh} \sum_{j} \sum_{k} \sum_{tech} \mathbf{PCRROPTAMT}_{crrh,(j,k),z,a,tech,h} \right)$$

The above variables are defined as follows:

Variable	Unit	Definition
PCRRZREV $_{z, a}$	$	*PCRR Zonal Revenue per zone per CRR Auction*—The revenue resulted from the PCRRs that source and sink in CMZ *z*, pertaining to CRR Auction *a*, for the month.
PCRROBLAMT $_{crrh, (j, k), z, a, tech, h}$	$	*PCRR PTP Obligation Amount per CRR Account Holder per source and sink pair per zone per CRR Auction per resource technology per hour*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents its total PTP Obligations pertaining to CRR Auction *a* with the source *j* and the sink *k* in CMZ *z*, based on Resources of the technology *tech*, for the hour *h*.
PCRROPTAMT $_{crrh, (j, k), z, a, tech, h}$	$	*PCRR PTP Option Amount per CRR Account Holder per source and sink pair per zone per CRR Auction per resource technology per hour*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents its total PTP Options pertaining to CRR Auction *a* with the source *j* and the sink *k* in CMZ *z*, based on Resources of the technology *tech*, for the hour *h*.
a	none	A CRR Auction.
z	none	A 2003 ERCOT CMZ.
crrh	none	A CRR Account Holder that paid the invoice in full.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
tech	none	A Resource technology.
h	none	An hour in the month.

(4) The revenue for a given month produced from PCRRs that source and sink in different 2003 ERCOT CMZs, pertaining to each CRR Auction, is calculated as follows:

$$\mathbf{PCRRNZREV}_{a} = \sum_{h}\left(\sum_{crrh}\sum_{j}\sum_{k}\sum_{tech}\mathbf{PCRROBLAMT}_{crrh,(j,k),a,tech,h} + \sum_{crrh}\sum_{j}\sum_{k}\sum_{tech}\mathbf{PCRROPTAMT}_{crrh,(j,k),a,tech,h}\right)$$

The above variables are defined as follows:

Variable	Unit	Definition
PCRRNZREV $_{a}$	$	*PCRR Non-Zonal Revenue per CRR Auction*—The revenue resulted from the PCRRs that source and sink in different CMZs, pertaining to CRR Auction *a*, for the month.
PCRROBLAMT $_{crrh, (j, k), a, tech, h}$	$	*PCRR PTP Obligation Amount per CRR Account Holder per source and sink pair per CRR Auction per resource technology per hour*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents its total PTP Obligations pertaining to CRR Auction *a* with the source *j* and the sink *k* in different CMZs, based on Resources of the technology *tech*, for the hour *h*.
PCRROPTAMT $_{crrh, (j, k), a, tech, h}$	$	*PCRR PTP Option Amount per CRR Account Holder per source and sink pair per CRR Auction per resource technology per hour*—The charge calculated for CRR Account Holder *crrh* of the MW quantity that represents its total PTP Options pertaining to CRR Auction *a* with the source *j* and the sink *k* in different CMZs, based on Resources of the technology *tech*, for the hour *h*.
a	none	A CRR Auction.
crrh	none	A CRR Account Holder that paid the invoice in full.
(j, k)	none	A pair of source and sink Settlement Points in different CMZs.
tech	none	A Resource technology.
h	none	An hour in the month.

7.5.7 Method for Distributing CRR Auction Revenues

(1) ERCOT shall determine, for each month, the CRR Monthly Revenues (CMR). The CMR is the sum of:

(a) Monthly CRR revenue for that month; and

(b) PCRR revenues.

(2) ERCOT shall credit the net CRR Auction revenue (including PCRR revenue) produced from CRRs cleared in each CRR Auction that source from a Settlement Point located within a 2003 ERCOT CMZ and sink at a Settlement Point located within the same 2003 ERCOT CMZ to Qualified Scheduling Entities (QSEs) in the 2003 ERCOT CMZ on a zonal Load Ratio Share (LRS) basis. All other net CRR Auction revenues must be allocated to QSEs on an ERCOT-wide LRS basis. For these allocation purposes, any Non-Opt-In Entity (NOIE) Load Zone is considered to be located entirely within the 2003 ERCOT CMZ that represented the largest Load for that NOIE or group of NOIEs in 2003.

(3) For initial distribution of CRR Monthly Revenues, revenues shall be paid to each QSE based on that QSE's LRS in the interval coincident with the ERCOT-wide peak 15-minute Settlement Interval for the month.

(4) ERCOT shall true up the distribution of CMRs based on that QSE's LRS in the interval coincident with the ERCOT-wide peak 15-minute Settlement Interval for the month.

(5) The net CRR Auction Revenue produced from CRRs cleared and paid for in each CRR Auction that source from a Settlement Point within a 2003 ERCOT CMZ and sink at a Settlement Point located within the same 2003 ERCOT CMZ shall be distributed on a zonal LRS basis. The portion of the net monthly CRR Auction Revenue to be distributed to each QSE with load in that zone for a given month is calculated as follows:

$$\mathbf{LACMRZAMT}_{z,q} = \mathbf{(-1)} * \sum_{a} \mathbf{(CRRZREV}_{z,a} + \mathbf{PCRRZREV}_{z,a}) * \mathbf{MLRSZ}_{z,q}$$

The above variables are defined as follows:

Variable	Unit	Definition
LACMRZAMT $_{z, q}$	$	*Load-Allocated CRR Monthly Revenue Zonal Amount per zone per QSE*—The payment to QSE *q* of the revenues resulted from the CRRs that source and sink in CMZ *z*, for the month.
CRRZREV $_{z, a}$	$	*CRR Zonal Revenue per zone per CRR Auction*—The revenue resulted from the CRRs that source and sink in CMZ *z*, cleared through CRR Auction Offers and CRR Auction Bids in CRR Auction *a*, for the month.
PCRRZREV $_{z, a}$	$	*PCRR Zonal Revenue per zone per CRR Auction*—The revenue resulted from the PCRRs that source and sink in CMZ *z*, pertaining to CRR Auction *a*, for the month.
MLRSZ $_{q, z}$	none	*Monthly Load Ratio Share Zonal per QSE per zone*—The LRS of QSE *q* for its Load in CMZ *z*, for the peak-Load 15-minute Settlement Interval in the month.
q	none	A QSE.
z	none	A 2003 ERCOT CMZ.
a	none	A CRR Auction.

(6) The net CRR Auction Revenue produced from CRRs cleared and paid for in each CRR Auction that do not source from a Settlement Point within a 2003 ERCOT CMZ and sink at a Settlement Point located within the same 2003 ERCOT CMZ shall be distributed on an ERCOT-wide LRS basis. The portion of the net monthly CRR Auction Revenue Amount (from CRRs with paths that cross the 2003 ERCOT CMZ boundaries) to be distributed for a given month is calculated as follows:

$$\mathbf{LACMRNZAMT}_{q} = \mathbf{(-1)} * \sum_{a} \mathbf{(CRRNZREV}_{a} + \mathbf{PCRRNZREV}_{a}) * \mathbf{MLRS}_{q}$$

The above variables are defined as follows:

Variable	Unit	Definition
LACMRNZAMT $_{q}$	$	*Load-Allocated CRR Monthly Revenue Non-Zonal Amount per QSE*—The payment to QSE *q* of the revenues resulted from the CRRs that source and sink in different CMZs, for the month.
CRRNZREV $_{a}$	$	*CRR Zonal Revenue per CRR Auction*—The revenue resulted from the CRRs that

		source and sink in different CMZs, cleared through CRR Auction Offers and CRR Auction Bids in CRR Auction *a*, for the month.
PCRRNZREV $_a$	$	*PCRR Zonal Revenue per CRR Auction*—The revenue resulted from the PCRRs that source and sink in different CMZs, pertaining to CRR Auction *a*, for the month.
MLRS $_q$	none	*Monthly Load Ratio Share per QSE*—The LRS calculated for QSE *q* for the peak-Load 15-minute Settlement Interval in the month. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval.
q	none	A QSE.
a	none	A CRR Auction.

7.6 CRR Balancing Account

(1) In the Day-Ahead Market (DAM), if the Congestion Rent is equal to or greater than the net amounts due to all Congestion Revenue Right (CRR) Owners for any Settlement Interval, then ERCOT shall pay the net amounts due to the CRR Owners and put any excess amount into the CRR Balancing Account.

(2) In the DAM, if the Congestion Rent is less than the net amounts due to all CRR Owners for any Settlement Interval, then ERCOT shall short-pay each CRR Owner on a prorated basis and shall keep track of how much each CRR Owner has been short-paid. The proration must be calculated using only the amounts due to the CRR Owner for CRRs settled in both the DAM and Real-Time and not using amounts due to ERCOT for Point-to-Point (PTP) Obligations owned by the CRR Owner.

(3) ERCOT shall pay any positive balance in the CRR Balancing Account to each short-paid CRR Owner, with the amount paid to each CRR Owner being the lesser of (a) a prorated amount based on the short-paid amount for that CRR Owner compared to the total short-paid amount, and (b) the short-paid amount for that CRR Owner. Any remaining positive balance in the CRR Balancing Account must be allocated to all Qualified Scheduling Entities (QSEs) on the QSE's Load Ratio Share (LRS) in the interval coincident with the ERCOT-wide peak 15-minute Settlement Interval for the month.

7.7 Point-to-Point (PTP) Option Award Fee

7.7.1 Charging of PTP Option Award Fee

(1) ERCOT will charge each Congestion Revenue Right (CRR) Account Holder a Point-to-Point (PTP) Option Award Fee for each PTP Option bid awarded where the clearing price for the PTP Option bid awarded is less than the Minimum PTP Option Bid Price.

(2) The Technical Advisory Committee (TAC) and the ERCOT Board shall review the current Minimum PTP Option Bid Price at least every January and may recommend to the ERCOT Board changes to these values by submitting a Nodal Protocol Revision Request (NPRR).

(3) ERCOT shall charge each CRR Account Holder for its PTP Option bids awarded in each CRR Auction as follows:

$$\mathbf{OPTAFAMT}_{crrh,\,a} = \sum_{bp}\sum_{h}\sum_{(j,k)} \mathbf{(Max\,(0,\,OPTMBP - OPTPR}_{(j,\,k),\,a,\,h,\,bp}\mathbf{)} * \mathbf{OPTP}_{crrh,\,(j,\,k),\,a,\,h,\,bp}\mathbf{)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$OPTAFAMT_{crrh,\,a}$	$	*PTP Option Award Fee Amount per CRR Account Holder per CRR Auction*—The fee assessed to CRR Account Holder *crrh* for PTP Option awards awarded in CRR Auction *a*, for the hour for which the clearing price is less than the defined Minimum PTP Option Bid Price. For a multi-month CRR Auction, the fee shall be calculated for each month.
OPTMBP	$/MW per hour	*Minimum PTP Option Bid Price*—As defined in Section 2.1, Definitions.
$OPTPR_{(j,\,k),\,a,\,h,\,bp}$	$/MW per hour	*PTP Option Price per source and sink pair per CRR Auction*—The clearing price of a PTP Option with the source *j* and the sink *k* in CRR Auction *a*, for the hour *h*, for the bid period *bp*.
$OPTP_{crrh,\,(j,\,k),\,a,\,h,\,bp}$	MW	*PTP Option Purchase per CRR Account Holder per source and sink pair per CRR Auction*—The MW quantity that represents the total of CRR Account Holder *ccrh*'s PTP Option bids associated with the source *j* and the sink *k* awarded in CRR Auction *a*, for the hour *h*, for the bid period *bp*.
crrh	None	A CRR Account Holder.
j	None	A source Settlement Point.
k	None	A sink Settlement Point.
a	None	A CRR Auction.
h	None	An Operating Hour.
bp	None	A CRR bid period.

7.7.2 [RESERVED]

7.8 Bilateral Trades and ERCOT CRR Registration System

(1) Market Participants may sell or trade Point-to-Point (PTP) Options, PTP Obligations and Flowgate Rights (FGRs) bilaterally, except PTP Options with Refund and PTP Obligations with Refund.

(2) The characteristics of the Congestion Revenue Rights (CRRs) sold or traded bilaterally, including CRR source and CRR sink and time-of-use block, may not be modified from the terms of the original CRR.

(3) ERCOT shall initially populate a database of CRR Owners with the first-buyers of CRRs and first-recipients of Pre-Assigned Congestion Revenue Rights (PCRRs) and FGRs.

(4) A transfer of CRRs through the ERCOT CRR registration system is not effective until the selling CRR Account Holder reports the transaction, the buying CRR Account Holder acknowledges the transaction, and both parties meet ERCOT's credit requirements to support the transfer. Until all of those occur, the selling CRR Account Holder is considered the CRR Owner for purposes of these Protocols, including financial responsibility.

(5) For CRR ownership to be effective in the Day-Ahead Market (DAM), the CRR must be registered through the ERCOT CRR registration system prior to the DAM. PTP Obligations acquired in DAM may not change ownership in the ERCOT CRR registration system after DAM execution.

[NPRR484: Insert paragraph (6) below upon system implementation:]

(6) CRR Auction Invoice responsibility remains with the original CRR Account Holder that procured CRRs in the auction.

7.9 CRR Settlements

7.9.1 Day-Ahead CRR Payments and Charges

7.9.1.1 Payments and Charges for PTP Obligations Settled in DAM

(1) Except as specified otherwise in paragraph (2) below, ERCOT shall pay or charge the owner of each Point-to-Point (PTP) Obligation based on the difference in the Day-Ahead Settlement Point Price between the sink Settlement Point and the source Settlement Point.

(2) For PTP Obligations that have a positive value and source or sink at a Resource Node, the PTP Obligation payment may be reduced due to directional network elements that are oversold in previous Congestion Revenue Right (CRR) Auctions.

(3) The payment or charge to each CRR Owner for a given Operating Hour of PTP Obligations with each pair of source and sink Settlement Points settled in the Day-Ahead Market (DAM) is calculated as follows:

If the PTP Obligation has a non-positive value or both source and sink at a Load Zone or Hub, i.e., ($DAOBLPR_{(j, k)} \leq 0$) OR (*j* is a Load Zone or Hub and *k* is also a Load Zone or Hub), then

$$\mathbf{DAOBLAMT}_{o, (j, k)} = \mathbf{(-1) * DAOBLTP}_{o, (j, k)}$$

If the PTP Obligation has a positive value and either source or sink is a Resource Node, then

$$\mathbf{DAOBLAMT}_{o, (j, k)} = \mathbf{(-1) * Max ((DAOBLTP}_{o, (j, k)} \mathbf{- DAOBLDA}_{o, (j, k)}\mathbf{),}$$
$$\mathbf{Min (DAOBLTP}_{o, (j, k)}\mathbf{, DAOBLHV}_{o, (j, k)}\mathbf{))}$$

Where:

The target payment:

$$DAOBLTP_{o,(j,k)} = DAOBLPR_{(j,k)} * DAOBL_{o,(j,k)}$$

The price based on the difference of the Settlement Point Prices:

$$DAOBLPR_{(j,k)} = DASPP_k - DASPP_j$$

The derated amount:

$$DAOBLDA_{o,(j,k)} = OBLDRPR_{(j,k)} * DAOBL_{o,(j,k)}$$

The price used to calculate the derated amount:

$$OBLDRPR_{(j,k)} = \sum_c (\text{Max}(0, DAWASF_{j,c} - DAWASF_{k,c}) * DASP_c * DRF_c)$$

The hedge value:

$$DAOBLHV_{o,(j,k)} = DAOBLHVPR_{(j,k)} * DAOBL_{o,(j,k)}$$

The price of the hedge value:

If the source, *j*, is a Load Zone or Hub and the sink, *k*, is a Resource Node,

$$DAOBLHVPR_{(j,k)} = \text{Max}(0, MAXRESPR_k - DASPP_j)$$

If the source, *j*, is a Resource Node and the sink, *k*, is a Load Zone or Hub,

$$DAOBLHVPR_{(j,k)} = \text{Max}(0, DASPP_k - MINRESPR_j)$$

If the source, *j*, is a Resource Node and the sink, *k*, is also a Resource Node,

$$DAOBLHVPR_{(j,k)} = \text{Max}(0, MAXRESPR_k - MINRESPR_j)$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAOBLAMT_{o,(j,k)}$	$	*Day-Ahead Obligation Amount per CRR Owner per source and sink pair*—The payment or charge to CRR Owner *o* for the PTP Obligations with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOBLTP_{o,(j,k)}$	$	*Day-Ahead Obligation Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Obligations with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOBLHV_{o,(j,k)}$	$	*Day-Ahead Obligation Hedge Value per CRR Owner per source and sink pair*—The hedge value of CRR Owner *o*'s PTP Obligations with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOBLDA_{o,(j,k)}$	$	*Day-Ahead Obligation Derated Amount per CRR Owner per source and sink pair*—The derated amount of CRR Owner *o*'s PTP Obligations with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOBLPR_{(j,k)}$	$/MW per hour	*Day-Ahead Obligation Price per source and sink pair*—The DAM price of a PTP Obligation with the source *j* and the sink *k*, for the hour.
$DASPP_j$	$/MWh	*Day-Ahead Settlement Point Price at source*—The DAM Settlement Point Price at the source Settlement Point *j*, for the hour.
$DASPP_k$	$/MWh	*Day-Ahead Settlement Point Price at sink*—The DAM Settlement Point Price at the sink Settlement Point *k*, for the hour.

Variable	Unit	Definition
OBLDRPR $_{(j, k)}$	$/MW per hour	*Obligation Deration Price per source and sink pair*—The deration price of a PTP Obligation with the source *j* and the sink *k*, for the hour.
DASP $_{c}$	$/MW per hour	*Day-Ahead Shadow Price per constraint*—The DAM Shadow Price of the constraint *c* for the hour.
DRF $_{c}$	none	*Deration Factor per constraint*—The deration factor of the constraint *c* for the hour, equal to the MW amount by which the constraint is oversold divided by the total MW amount of the positive impacts on the constraint of all CRRs existing prior to DAM execution.
DAWASF $_{j, c}$	none	*Day-Ahead Weighted Average Shift Factor at source per constraint*—The Day-Ahead Shift Factor for the source Settlement Point and the directional network element for constraint *c*, in the hour.
DAWASF $_{k, c}$	None	*Day-Ahead Weighted Average Shift Factor at sink per constraint*—The Day-Ahead Shift Factor for the sink Settlement Point and the directional network element for constraint *c*, in the hour.
DAOBLHVPR $_{(j, k)}$	$/MWh	*Day-Ahead Obligation Hedge Value Price per source and sink pair*—The Day-Ahead hedge price of a PTP Obligation with the source *j* and the sink *k*, for the hour.
MINRESPR $_{j}$	$/MWh	*Minimum Resource Price for source*—The lowest Minimum Resource Price for the Resources located at the source Settlement Point *j*.
MAXRESPR $_{k}$	$/MWh	*Max Resource Price for sink*—The highest Maximum Resource Price for the Resources located at the sink Settlement Point *k*.
DAOBL $_{o, (j, k)}$	MW	*Day-Ahead Obligation per CRR Owner per source and sink pair*—The number of CRR Owner *o*'s PTP Obligations with the source *j* and the sink *k* settled in the DAM for the hour.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
c	none	A constraint associated with a directional network element for the hour.

(4) The net total payment or charge to each CRR Owner for the Operating Hour of all its PTP Obligations settled in the DAM is calculated as follows:

$$\mathbf{DAOBLAMTOTOT}_{o} = \mathbf{DAOBLCROTOT}_{o} + \mathbf{DAOBLCHOTOT}_{o}$$

Where:

$$\text{DAOBLCROTOT}_{o} = \sum_{j}\sum_{k} \text{Min}\,(0, \text{DAOBLAMT}_{o, (j, k)})$$

$$\text{DAOBLCHOTOT}_{o} = \sum_{j}\sum_{k} \text{Max}\,(0, \text{DAOBLAMT}_{o, (j, k)})$$

The above variables are defined as follows:

Variable	Unit	Definition
DAOBLAMTOTOT $_{o}$	$	*Day-Ahead Obligation Amount Owner Total per CRR Owner*—The net total payment or charge to CRR Owner *o* for all its PTP Obligations settled in the DAM, for the hour.

DAOBLCROTOT $_{o}$	$	*Day-Ahead Obligation Credit Owner Total per CRR Owner*—The total payment to CRR Owner *o* for its PTP Obligations settled in the DAM, for the hour.
DAOBLCHOTOT $_{o}$	$	*Day-Ahead Obligation Charge Owner Total per CRR Owner*—The total charge to CRR Owner *o* for its PTP Obligations settled in the DAM, for the hour.
DAOBLAMT $_{o, (j, k)}$	$	*Day-Ahead Obligation Amount per CRR Owner per pair of source and sink*—The payment or charge to CRR Owner *o* for its PTP Obligations with the source *j* and the sink *k* settled in the DAM, for the hour.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

7.9.1.2 Payments for PTP Options Settled in DAM

(1) Except as specified otherwise in paragraph (2) below, ERCOT shall pay the owner of a PTP Option the difference in the Day-Ahead Settlement Point Price between the sink Settlement Point and the source Settlement Point, if positive.

(2) For PTP Options that source or sink at a Resource Node, the PTP Option payment may be reduced due to Transmission Elements that are oversold in previous CRR Auctions.

(3) The payment to each CRR Owner for a given Operating Hour of PTP Options with each pair of source and sink Settlement Points settled in the DAM is calculated as follows:

If the source, *j*, is a Load Zone or Hub and sink, *k*, is also a Load Zone or Hub, then

$$\mathbf{DAOPTAMT}_{o, (j, k)} = \mathbf{(-1) * DAOPTTP}_{o, (j, k)}$$

If either the source, *j*, or sink, *k*, is a Resource Node, then

$$\mathbf{DAOPTAMT}_{o, (j, k)} = \mathbf{(-1) * Max ((DAOPTTP}_{o, (j, k)} \mathbf{– DAOPTDA}_{o, (j, k)}\mathbf{),\ Min (DAOPTTP}_{o, (j, k)}\mathbf{, DAOPTHV}_{o, (j, k)}\mathbf{))}$$

Where:

The target payment:

$$DAOPTTP_{o, (j, k)} = DAOPTPR_{(j, k)} * OPT_{o, (j, k)}$$

The price based on the difference of the Settlement Point Prices:

$$DAOPTPR_{o, (j, k)} = Max (0, DASPP_{k} – DASPP_{j})$$

The derated amount:

$$DAOPTDA_{o, (j, k)} = OPTDRPR_{(j, k)} * OPT_{o, (j, k)}$$

The price used to calculate the derated amount:

$$OPTDRPR_{(j, k)} = \sum_{c} (Max (0, DAWASF_{j, c} – DAWASF_{k, c}) * DASP_{c} * DRF_{c})$$

The hedge value:

$$DAOPTHV_{o, (j, k)} = DAOPTHVPR_{(j, k)} * OPT_{o, (j, k)}$$

The price of the hedge value:
If the source, *j*, is a Load Zone or Hub and the sink, *k*, is a Resource Node,

$$DAOPTHVPR_{(j,k)} = Max(0, MAXRESPR_k - DASPP_j)$$

If the source, *j*, is a Resource Node and the sink, *k*, is a Load Zone or Hub,

$$DAOPTHVPR_{(j,k)} = Max(0, DASPP_k - MINRESPR_j)$$

If the source, *j*, is a Resource Node and the sink, *k*, is also a Resource Node,

$$DAOPTHVPR_{(j,k)} = Max(0, MAXRESPR_k - MINRESPR_j)$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAOPTAMT_{o,(j,k)}$	$	*Day-Ahead Option Amount per CRR Owner per source and sink pair*—The payment to CRR Owner *o* for the PTP Options with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOPTTP_{o,(j,k)}$	$	*Day-Ahead Option Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Options with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOPTHV_{o,(j,k)}$	$	*Day-Ahead Option Hedge Value per CRR Owner per source and sink pair*—The hedge value of CRR Owner *o*'s PTP Options with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOPTDA_{o,(j,k)}$	$	*Day-Ahead Option Derated Amount per CRR Owner per source and sink pair*—The derated amount of CRR Owner *o*'s PTP Options with the source *j* and the sink *k* settled in the DAM, for the hour.
$DAOPTPR_{(j,k)}$	$/MW per hour	*Day-Ahead Option Price per source and sink pair*—The DAM price of a PTP Option with the source *j* and the sink *k*, for the hour.
$DASPP_j$	$/MWh	*Day-Ahead Settlement Point Price at source*—The DAM Settlement Point Price at the source Settlement Point *j*, for the hour.
$DASPP_k$	$/MWh	*Day-Ahead Settlement Point Price at sink*—The DAM Settlement Point Price at the sink Settlement Point *k*, for the hour.
$OPTDRPR_{(j,k)}$	$/MW per hour	*Option Deration Price per source and sink pair*—The deration price of a PTP Option with the source *j* and the sink *k*, for the hour.
$DASP_c$	$/MW per hour	*Day-Ahead Shadow Price per constraint*—The DAM Shadow Price of the constraint *c* for the hour.
DRF_c	none	*Deration Factor per constraint*—The deration factor of the constraint *c* for the hour, equal to the MW amount by which the constraint is oversold divided by the total MW amount of the positive impacts on the constraint of all CRRs existing prior to DAM execution.
$DAWASF_{j,c}$	none	*Day-Ahead Weighted Average Shift Factor at source per constraint*—The Day-Ahead Shift Factor for the source Settlement Point and the directional network element for constraint *c*, in the hour.
$DAWASF_{k,c}$	none	*Day-Ahead Weighted Average Shift Factor at sink per constraint*—The Day-Ahead Shift Factor for the sink Settlement Point and the directional network element for constraint *c*, in the hour.
$DAOPTHVPR_{(j,k)}$	$/MWh	*Day-Ahead Option Hedge Value Price per source and sink pair*—The Day-Ahead hedge price of a PTP Option with the source *j* and the sink *k*, for the hour.
$MINRESPR_j$	$/MWh	*Minimum Resource Price for source*—The lowest Minimum Resource Price for Resources located at the source Settlement Point *j*.
$MAXRESPR_k$	$/MWh	*Max Resource Price for sink*—The highest Maximum Resource Price for

Variable	Unit	Definition
		Resources located at the sink Settlement Point *k*.
OPT $_{o, (j, k)}$	MW	*Option per CRR Owner per source and sink pair*—The number of CRR Owner *o*'s PTP Options with the source *j* and the sink *k* settled in the DAM for the hour.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
c	none	A constraint associated with a directional network element for the hour.

(4) The total payment to each CRR Owner for the Operating Hour of all its PTP Options settled in the DAM is calculated as follows:

$$\mathbf{DAOPTAMTOTOT}_{o} = \sum_{j}\sum_{k} \mathbf{DAOPTAMT}_{o, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
DAOPTAMTOTOT $_{o}$	$	*Day-Ahead Option Amount Owner Total per CRR Owner*—The total payment to CRR Owner *o* for all its PTP Options settled in the DAM, for the hour.
DAOPTAMT $_{o, (j, k)}$	$	*Day-Ahead Option Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* for its PTP Options with the source *j* and the sink *k* settled in the DAM, for the hour.
O	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(5) For informational purposes, the following calculation of PTP Option value shall be posted on the Market Information System (MIS) Public Area:

$$\mathbf{DAOPTPRINFO}_{(j, k)} = \sum_{c} \mathbf{(DASP}_{c} \mathbf{* Max (0, (DAWASF}_{j, c} \mathbf{– DAWASF}_{k, c}\mathbf{)))}$$

The above variables are defined as follows:

Variable	Unit	Definition
DAOPTPRINFO $_{(j, k)}$	$/MW per hour	*Day-Ahead Option Informational Price per pair of source and sink*—The informational DAM price of the PTP Options with the source Settlement Point *j* and the sink Settlement Point *k*, for the hour.
DAWASF $_{j, c}$		*Day-Ahead Weighted Average Shift Factor at source per constraint*—The Day-Ahead Shift Factor for the source Settlement Point and for the constrained directional network element for constraint *c*, in the hour.
DAWASF $_{k, c}$	none	*Day-Ahead Weighted Average Shift Factor at sink per constraint*—The Day-Ahead Shift Factor for the sink Settlement Point and for the constrained directional network element for constraint *c*, in the hour.
DASP $_{c}$	$/MW per hour	*Day-Ahead Shadow Price per constraint*—The DAM Shadow Price for the constraint *c* for the hour.

c	none	A constraint associated with a directional network element for the hour.

7.9.1.3 Minimum and Maximum Resource Prices

(1) For purposes of Section 7.9.1, Day-Ahead CRR Payments and Charges, Settlements data published to the MIS Secure Area shall include the association of the Resource Category for each Generation Resource. The following prices specified in paragraphs (2) and (3) below are used in the CRR hedge value calculation for CRRs settled in the DAM.

(2) Minimum Resource Prices of source Settlement Points are:

$$\mathbf{MINRESPR}_{j} = \mathbf{Min}\left(\mathbf{MINRESRPR}_{j,r}\right)_{r}$$

Where:

Minimum Resource Prices for Resources located at source Settlement Points (**MINRESRPR** $_{j, r}$) are:

(a) Nuclear = -$20.00/MWh;

(b) Hydro = -$20.00/MWh;

(c) Coal and Lignite = $0.00/MWh;

(d) Combined Cycle greater than 90 MW = Fuel Index Price (FIP) * 5 MMBtu/MWh;

(e) Combined Cycle less than or equal to 90 MW = FIP * 6 MMBtu/MWh;

(f) Gas -Steam Supercritical Boiler = FIP * 6.5 MMBtu/MWh;

(g) Gas Steam Reheat Boiler = FIP * 7.5 MMBtu/MWh;

(h) Gas Steam Non-Reheat or Boiler without Air-Preheater = FIP * 10.5 MMBtu/MWh;

(i) Simple Cycle greater than 90 MW = FIP * 10 MMBtu/MWh;

(j) Simple Cycle less than or equal to 90 MW = FIP * 11 MMBtu/MWh;

(k) Diesel = FIP * 12 MMBtu/MWh;

(l) Wind = -$35/MWh;

(m) Reliability Must-Run (RMR) Resource = RMR contract price Energy Offer Curve at Low Sustained Limit (LSL); and

(n) Other Renewable = -$10.

The above variables are defined as follows:

Variable	Unit	Definition
$MINRESPR_j$	$/MWh	*Minimum Resource Price for source*—The lowest Minimum Resource Price for the Resources located at the source Settlement Point *j*.
$MINRESRPR_j$	$/MWh	*Minimum Resource Price for Resource*—The Minimum Resource Price for the Resources located at the source Settlement Point *j*.
r	none	A Generation Resource located at the source Settlement Point *j*.
j	none	A source Settlement Point.

(3) Maximum Resource Prices of sink Settlement Points are:

$$\mathbf{MAXRESPR}_k = \mathbf{Max}\ (\mathbf{MAXRESRPR}_{k,r})_r$$

Where:

Maximum Resource Prices for Resources located at sink Settlement Points **($MAXRESRPR_{k,r}$)** are:

(a) Nuclear = $15.00/MWh;

(b) Hydro = $10.00/MWh;

(c) Coal and Lignite = $18.00/MWh;

(d) Combined Cycle greater than 90 MW = FIP * 9 MMBtu/MWh;

(e) Combined Cycle less than or equal to 90 MW = FIP * 10 MMBtu/MWh;

(f) Gas -Steam Supercritical Boiler = FIP * 10.5 MMBtu/MWh;

(g) Gas Steam Reheat Boiler = FIP * 11.5 MMBtu/MWh;

(h) Gas Steam Non-Reheat or Boiler without Air-Preheater = FIP * 14.5 MMBtu/MWh;

(i) Simple Cycle greater than 90 MW = FIP * 14 MMBtu/MWh;

(j) Simple Cycle less than or equal to 90 MW = FIP * 15 MMBtu/MWh;

(k) Diesel = FIP * 16 MMBtu/MWh;

(l) Wind = $0/MWh;

(m) RMR Resource = RMR contract price Energy Offer Curve at HSL; and

(n) Other Renewable = $0.

The above variables are defined as follows:

Variable	Unit	Definition
$MAXRESPR_k$	$/MWh	*Maximum Resource Price for source*—The highest Maximum Resource Price for the Resources located at the sink Settlement Point *k*.
$MAXRESRPR_k$	$/MWh	*Maximum Resource Price for Resource*—The Maximum Resource Price for the Resources located at the sink Settlement Point *k*.
r	none	A Generation Resource located at the sink Settlement Point *k*.
k	none	A sink Settlement Point.

7.9.1.4 Payments for FGRs Settled in DAM

(1) If a Flowgate Right (FGR) is competitive, i.e., all directional network elements associated with the FGR are Competitive Constraints, ERCOT shall pay the owner of the FGR an amount equal to the sum of the Shadow Price of the hour for each directional network element associated with the FGR for each contingency (including the null contingency or base case) normalized to the impact of the principal network element of the FGR (the normal rating of which is used to determine the total MW amount for the flowgate). The payment to each CRR Owner for its FGRs determined by the principal network element of each flowgate for a given hour is calculated as follows:

$$\mathbf{DAFGRAMT}_{o,f} = \mathbf{(-1) * DAFGRTP}_{o,f}$$

Where:

$$DAFGRTP_{o,f} = DAFGRPR_f * DAFGR_{o,f}$$

$$DAFGRPR_f = \sum_{e \in f} \left(\sum_c INF_{f,e,c} * DASP_{e,c} \right)$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAFGRAMT_{o,f}$	$	*Day-Ahead FGR Amount per CRR Owner per flowgate*—The payment to CRR Owner *o* of the flowgate *f* settled in DAM, for the hour.
$DAFGRTP_{o,f}$	$	*Day-Ahead FGR Target Payment per CRR Owner per flowgate*—The target payment for CRR Owner *o*'s flowgate *f* settled in the DAM, for the hour.
$DAFGRPR_f$	$/MW per hour	*Day-Ahead FGR Price per flowgate*—The DAM price of the flowgate *f* for the hour.
$DASP_{e,c}$	$/MW per hour	*Day-Ahead Shadow Price per element per constraint*—The DAM Shadow Price on the directional network element *e*, for constraint *c*, for the hour.
$INF_{f,e,c}$	none	*Impact Normalization Factor per flowgate per element per constraint*—The parameter that reflects the normalized impact on the directional network element *e* of flowgate *f* for each constraint *c* relative to the impact on the principal directional network element of flowgate *f* for the base case.
$DAFGR_{o,f}$	MW	*Day-Ahead FGR per CRR Owner per flowgate*—The CRR Owner *o*'s total number of FGRs determined by the principal element of flowgate *f* settled in the DAM for the hour.
o	none	A CRR Owner.
f	none	A flowgate.

Variable	Unit	Definition
e	none	A predefined directional network element.
c	none	A constraint for each contingency (including the null contingency or base case).
e∈f	none	The directional network element *e* that belongs to the flowgate *f*.

(2) If an FGR is non-competitive, i.e., one or more directional network elements associated with the FGR are Non-Competitive Constraints, the FGR payment may be reduced due to Transmission Elements that are oversold in previous CRR Auctions. The payment for any FGR, when it is non-competitive, will be specified upon introduction of the FGR.

(3) The total of the payments to each CRR Owner for the Operating Hour of all its FGRs settled in the DAM is calculated as follows:

$$\mathbf{DAFGRAMTOTOT}_{o} = \sum_{f} \mathbf{DAFGRAMT}_{o,f}$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAFGRAMTOTOT_{o}$	$	*Day-Ahead FGR Amount Owner Total per CRR Owner*—The total payment to CRR Owner *o* of all its FGRs settled in the DAM, for the hour.
$DAFGRAMT_{o,f}$	$	*Day-Ahead FGR Amount per CRR Owner per flowgate*—The payment to CRR Owner *o* of the FGRs associated with flowgate *f* settled in DAM, for the hour.
o	none	A CRR Owner.
f	none	A flowgate.

7.9.1.5 Payments and Charges for PTP Obligations with Refund Settled in DAM

(1) Except as specified otherwise in paragraph (2) below, ERCOT shall pay the owner of a PTP Obligation with Refund the difference in the Day-Ahead Settlement Point Prices between the sink Settlement Point and the source Settlement Point, subject to a charge for refund, when the price difference is positive, as described in the item (e) (i) of Section 7.4.2, PCRR Allocation Terms and Conditions.

(2) The payment of PTP Obligations with Refund may be further reduced due to Transmission Elements that are oversold in previous CRR Auctions.

(3) The payment or charge to each CRR Owner for a given Operating Hour of PTP Obligations with Refund with each pair of source and sink Settlement Points settled in the DAM is calculated as follows:

If the PTP Obligation with Refund has a non-positive value, i.e., ($DAOBLPR_{(j,k)} \leq 0$), then

$$\mathbf{DAOBLRAMT}_{o,(j,k)} = \mathbf{(-1) * DAOBLRTP}_{o,(j,k)}$$

If the PTP Obligation with Refund has a positive value, i.e., ($DAOBLPR_{(j,k)} > 0$), then

$$\textbf{DAOBLRAMT}_{o,(j,k)} = \textbf{(-1) * Max (DAOBLRTP}_{o,(j,k)} \textbf{ - DAOBLRDA, Min (DAOBLRTP, DAOBLRHV))}$$

Where:

The target payment:

$$DAOBLRTP_{o,(j,k)} = DAOBLPR_{(j,k)} * \text{Min} (DAOBLR_{o,(j,k)}, OBLRACT_{o,(j,k)})$$

$$DAOBLPR_{(j,k)} = DASPP_k - DASPP_j$$

$$OBLRACT_{o,(j,k)} = \sum_r (OBLROF_{o,r} * RESACT_r * OBLRF_{o,r,(j,k)})$$

If (a valid $OS_{r,y}$ exists for all SCED intervals within the hour)

$$RESACT_r = \sum_y (OS_{r,y} * TLMP_y) / (\sum_y TLMP_y)$$

Otherwise

$$RESACT_r = TGFTH_r$$

The derated amount:

$$DAOBLRDA_{o,(j,k)} = OBLDRPR_{(j,k)} * \text{Min} (DAOBLR_{o,(j,k)}, OBLRACT_{o,(j,k)})$$

$$OBLDRPR_{(j,k)} = \sum_c (\text{Max} (0, DAWASF_{j,c} - DAWASF_{k,c}) * DASP_c * DRF_c)$$

The hedge value:

$$DAOBLRHV_{o,(j,k)} = DAOBLHVPR_{(j,k)} * \text{Min} (DAOBLR_{o,(j,k)}, OBLRACT_{o,(j,k)})$$

If the source, *j*, is a Load Zone or Hub and the sink, *k*, is a Resource Node,

$$DAOBLHVPR_{(j,k)} = \text{Max} (0, MAXRESPR_k - DASPP_j)$$

If the source, *j*, is a Resource Node and the sink, *k*, is a Load Zone or Hub,

$$DAOBLHVPR_{(j,k)} = \text{Max} (0, DASPP_k - MINRESPR_j)$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAOBLRAMT_{o,(j,k)}$	$	*Day-Ahead Obligation with Refund Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* for the PTP Obligation with Refund with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOBLRTP_{o,(j,k)}$	$	*Day-Ahead Obligation with Refund Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Obligations with Refund, with the source *j* and the sink *k*, settled in the DAM, for the hour.

Variable	Unit	Definition
$DAOBLRHV_{o, (j, k)}$	$	*Day-Ahead Obligation with Refund Hedge Value per CRR Owner per source and sink pair*—The hedge value of CRR Owner *o*'s PTP Obligations with Refund, with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOBLRDA_{o, (j, k)}$	$	*Day-Ahead Obligation with Refund Derated Amount per CRR Owner per source and sink pair*—The derated amount of CRR Owner *o*'s PTP Obligations with Refund, with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOBLPR_{(j, k)}$	$/MW per hour	*Day-Ahead Obligation Price*—The DAM price of a PTP Obligation with the source *j* and the sink *k*, for the hour.
$DASPP_{j}$	$/MWh	*Day-Ahead Settlement Point Price at source*—The DAM Settlement Point Price at the source Settlement Point *j* for the hour.
$DASPP_{k}$	$/MWh	*Day-Ahead Settlement Point Price at sink*—The DAM Settlement Point Price at the sink Settlement Point *k* for the hour.
$OBLDRPR_{(j, k)}$	$/MW per hour	*Obligation Deration Price per source and sink pair*—The deration price of a PTP Obligation with the source *j* and the sink *k*, for the hour.
$DASP_{c}$	$/MW per hour	*Day-Ahead Shadow Price per constraint*—The DAM Shadow Price of the constraint *c* for the hour.
DRF_{c}	none	*Deration Factor per constraint*— The deration factor of the constraint *c* for the hour, equal to the MW amount by which the constraint is oversold divided by the total MW amount of the positive impacts on the constraint of all CRRs existing prior to DAM execution.
$DAWASF_{j, c}$	none	*Day-Ahead Weighted Average Shift Factor at source per constraint*—The Day-Ahead Shift Factor for the source Settlement Point and the directional network element for constraint *c*, in the hour.
$DAWASF_{k, c}$	none	*Day-Ahead Weighted Average Shift Factor at sink per constraint*—The Day-Ahead Shift Factor for the sink Settlement Point and the directional network element for constraint *c*, in the hour.
$DAOBLHVPR_{(j, k)}$	$/MWh	*Day-Ahead Obligation Hedge Value Price per source and sink pair*—The Day-Ahead hedge price of a PTP Obligation with the source *j* and the sink *k*, for the hour.
$MINRESPR_{j}$	$/MWh	*Minimum Resource Price for source*—The lowest Minimum Resource Price for Resources located at the source Settlement Point *j*.
$MAXRESPR_{k}$	$/MWh	*Max Resource Price for sink*—The highest Maximum Resource Price for Resources located at the sink Settlement Point *k*.
$DAOBLR_{o, (j, k)}$	MW	*Day-Ahead Obligation with Refund per CRR Owner per pair of source and sink*— The number of CRR Owner *o*'s PTP Obligations with Refund with the source *j* and the sink *k* settled in DAM for the hour.
$OBLRACT_{o, (j, k)}$	MW	*Obligation with Refund Actual usage per CRR Owner per pair of source and sink*—CRR Owner *o*'s actual usage for the PTP Obligations with Refund with the source *j* and the sink *k*, for the hour.
$RESACT_{r}$	MW	*Resource Actual per Resource per hour*—The time-weighted average of the Output Schedule of Resource *r* (if a valid Output Schedule exists) or the telemetered output of Resource *r*, for the hour.
$OBLROF_{o, r}$	none	*Obligation with Refund Ownership Factor per CRR Owner per Resource*—The factor showing the percentage usage of Resource *r* for CRR Owner *o*'s PTP Obligations with Refund. Its value is 1, if only one CRR Owner has acquired Pre-Assigned Congestion Revenue Right (PCRRs) under the refund provision using this Resource *r*.

Variable	Unit	Definition
$OS_{r, y}$	MW	*Output Schedule per Resource per Security-Constrained Economic Dispatch (SCED) interval*—The Output Schedule submitted to ERCOT for Resource *r* for the SCED interval *y*.
$TGFTH_{r}$	MWh	*Telemetered Generation for the Hour per Resource per hour*—The telemetered generation of Generation Resource *r*, for the hour.
$OBLRF_{o, r, (j, k)}$	none	*Obligation with Refund Factor per CRR Owner per Resource associated with pair of source and sink*—The ratio of CRR Owner *o*'s Resource *r*'s capacity allocated to the PTP Obligations with Refund with the source *j* and sink *k* to the same CRR Owner's total capacity for the Resource *r* nominated for all the PCRRs under the refund provision with the same source *j*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the hour.
o	none	A CRR Owner.
y	none	A SCED interval in the hour.
r	none	A Resource.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
c	none	A constraint associated with a directional network element for the hour.

(4) The net total payment or charge to each CRR Owner for the Operating Hour of all its PTP Obligations with Refund settled in the DAM is calculated as follows:

$$\mathbf{DAOBLRAMTOTOT}_{o} = \mathbf{DAOBLRCROTOT}_{o} + \mathbf{DAOBLRCHOTOT}_{o}$$

Where:

$$DAOBLRCROTOT_{o} = \sum_{j} \sum_{k} \text{Min}\,(0, DAOBLRAMT_{o, (j, k)})$$

$$DAOBLRCHOTOT_{o} = \sum_{j} \sum_{k} \text{Max}\,(0, DAOBLRAMT_{o, (j, k)})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAOBLRAMTOTOT_{o}$	$	*Day-Ahead Obligation with Refund Amount Owner Total per CRR Owner*—The net total payment or charge to CRR Owner *o* for all its PTP Obligations with Refund settled in the DAM, for the hour.
$DAOBLRCROTOT_{o}$	$	*Day-Ahead Obligation with Refund Credit Owner Total per CRR Owner*—The total payment to CRR Owner *o* for its PTP Obligations with Refund settled in the DAM, for the hour.
$DAOBLRCHOTOT_{o}$	$	*Day-Ahead Obligation with Refund Charge Owner Total per CRR Owner*—The total charge to CRR Owner *o* for its PTP Obligations with Refund settled in the DAM, for the hour.
$DAOBLRAMT_{o, (j, k)}$	$	*Day-Ahead Obligation with Refund Amount per CRR Owner per pair of source and sink*—The payment or charge to CRR Owner *o* for the PTP Obligations with Refund with the source *j* and the sink *k* settled in the DAM, for the hour.
o	none	A CRR Owner.

j	none	A source Settlement Point.
k	none	A sink Settlement Point.

7.9.1.6 Payments for PTP Options with Refund Settled in DAM

(1) Except as specified otherwise in paragraph (2) below, ERCOT shall pay the owner of a PTP Option with Refund the difference in the DAM Settlement Point Prices between the sink Settlement Point and the source Settlement Point, if positive, subject to a charge for refund, as described in item (e)(i) of Section 7.4.2, PCRR Allocation Terms and Conditions.

(2) The payment of PTP Options with Refund may be further reduced due to Transmission Elements that are oversold in previous CRR Auctions.

(3) The payment to each CRR Owner for a given Operating Hour of its PTP Options with Refund with each pair of source and sink Settlement Points settled in the DAM is calculated as follows:

$$\mathbf{DAOPTRAMT}_{o,(j,k)} = \mathbf{(-1) * Max ((DAOPTRTP}_{o,(j,k)} \mathbf{- DAOPTRDA}_{o,(j,k)}\mathbf{), Min (DAOPTRTP}_{o,(j,k)}\mathbf{, DAOPTRHV}_{o,(j,k)}\mathbf{))}$$

Where:

The target payment:

$$DAOPTRTP_{o,(j,k)} = DAOPTPR_{(j,k)} * Min (OPTR_{o,(j,k)}, OPTRACT_{o,(j,k)})$$

$$DAOPTPR_{(j,k)} = Max (0, DASPP_k - DASPP_j)$$

$$OPTRACT_{o,(j,k)} = \sum_r (OPTROF_{o,r} * RESACT_r * OPTRF_{o,r,(j,k)})$$

If (a valid $OS_{r,y}$ exists for all SCED intervals within the hour)

$$RESACT_r = \sum_y (OS_{r,y} * TLMP_y) / (\sum_y TLMP_y)$$

Otherwise

$$RESACT_r = TGFTH_r$$

The derated amount:

$$DAOPTRDA_{o,(j,k)} = OPTDRPR_{(j,k)} * Min (OPTR_{o,(j,k)}, OPTRACT_{o,(j,k)})$$

$$OPTDRPR_{(j,k)} = \sum_c (Max (0, DAWASF_{j,c} - DAWASF_{k,c}) * DASP_c * DRF_c)$$

The hedge value:

$$DAOPTRHV_{o,(j,k)} = DAOPTHVPR_{(j,k)} * \text{Min}(OPTR_{o,(j,k)}, OPTRACT_{o,(j,k)})$$

$$DAOPTHVPR_{(j,k)} = \text{Max}(0, DASPP_{k} - MINRESPR_{j})$$

The above variables are defined as follows:

Variable	Unit	Definition
$DAOPTRAMT_{o,(j,k)}$	$	*Day-Ahead Option with Refund Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* for its PTP Options with Refund with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOPTRTP_{o,(j,k)}$	$	*Day-Ahead Option with Refund Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Options with Refund, with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOPTRHV_{o,(j,k)}$	$	*Day-Ahead Option with Refund Hedge Value per CRR Owner per source and sink pair*—The hedge value of CRR Owner *o*'s PTP Options with Refund, with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOPTRDA_{o,(j,k)}$	$	*Day-Ahead Option with Refund Derated Amount per CRR Owner per source and sink pair*—The derated amount of CRR Owner *o*'s PTP Options with Refund, with the source *j* and the sink *k*, settled in the DAM, for the hour.
$DAOPTPR_{(j,k)}$	$/MW per hour	*Day-Ahead Option Price per pair of source and sink*—The DAM price of the PTP Option with the source *j* and the sink *k*, for the hour.
$DASPP_{j}$	$/MWh	*Day-Ahead Settlement Point Price at source*—The DAM Settlement Point Price at the source Settlement Point *j*, for the hour.
$DASPP_{k}$	$/MWh	*Day-Ahead Settlement Pont Price at sink*—The DAM Settlement Point Price at the sink Settlement Point *k*, for the hour.
$OPTR_{o,(j,k)}$	MW	*Option with Refund per CRR Owner per pair of source and sink*—The number of CRR Owner *o*'s PTP Options with Refund with the source *j* and the sink *k*, settled in DAM, for the hour.
$OPTRACT_{o,(j,k)}$	MW	*Option with Refund Actual usage per CRR Owner per pair of source and sink*—CRR Owner *o*'s actual usage for the PTP Options with Refund with the source *j* and the sink *k*, for the hour.
$RESACT_{r}$	MW	*Resource Actual per Resource per hour*—The time-weighted average of the Output Schedule of Resource *r* (if a valid Operating Schedule exists) or the telemetered output of Resource *r*, for the hour.
$OPTROF_{o,r}$	none	*Option with Refund Ownership Factor per CRR Owner per Resource*—The factor showing the percentage usage of Resource *r* for CRR Owner *o*'s PTP Options with Refund. Its value is 1, if only one CRR Owner has acquired PCRRs under the refund provision using this Resource *r*.
$OS_{r,y}$	MW	*Output Schedule per Resource per SCED interval*—The Output Schedule submitted to ERCOT for Resource *r* for the SCED interval *y*.
$TGFTH_{r}$	MWh	*Telemetered Generation for the Hour per Resource per hour*—The telemetered generation of Generation Resource *r*, for the hour.
$OPTRF_{o,r,(j,k)}$	none	*Option with Refund Factor per CRR Owner per Resource associated with pair of source and sink*—The ratio of CRR Owner *o*'s Resource *r*'s capacity allocated to the PTP Options with Refund with the source *j* and sink *k* to the same CRR Owner's total capacity for the Resource *r* nominated PCRRs under the refund provision with the same source *j*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the hour.

Variable	Unit	Definition
OPTDRPR $_{(j, k)}$	$/MW per hour	*Option Deration Price per source and sink pair*—The deration price of a PTP Option with the source *j* and the sink *k*, for the hour.
DASP $_{c}$	$/MW per hour	*Day-Ahead Shadow Price per constraint*—The DAM Shadow Price of the constraint *c* for the hour.
DRF $_{c}$	none	*Deration Factor per constraint*—The deration factor of the constraint *c* for the hour, equal to the MW amount by which the constraint is oversold divided by the total MW amount of the positive impacts on the constraint of all CRRs existing prior to DAM execution.
DAWASF $_{j, c}$	none	*Day-Ahead Weighted Average Shift Factor at source per constraint*—The Day-Ahead Shift Factor for the source Settlement Point and the directional network element for constraint *c*, in the hour.
DAWASF $_{k, c}$	none	*Day-Ahead Weighted Average Shift Factor at sink per constraint*—The Day-Ahead Shift Factor for the sink Settlement Point and the directional network element for constraint *c*, in the hour.
DAOPTHVPR $_{(j, k)}$	$/MWh	*Day-Ahead Option Hedge Value Price per pair of source and sink*—The Day-Ahead hedge price of a PTP Option with the source *j* and the sink *k*, for the hour.
MINRESPR $_{j}$	$/MWh	*Minimum Resource Price for source*—The lowest Minimum Resource Price for Resources located at the source Settlement Point *j*.
o	none	A CRR Owner.
y	none	A SCED interval in the hour.
r	none	A Resource.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
c	none	A constraint associated with a directional network element for the hour.

(4) The total payment to each Non-Opt-In-Entity (NOIE) CRR Owner for the Operating Hour of all its PTP Options with Refund settled in the DAM is calculated as follows:

$$\mathbf{DAOPTRAMTOTOT}_{o} = \sum_{j}\sum_{k}\mathbf{DAOPTRAMT}_{o, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
DAOPTRAMTOTOT $_{o}$	$	*Day-Ahead Option with Refund Amount Owner Total per CRR Owner*—The total payment to NOIE CRR Owner *o* for all its PTP Options with Refund settled in the DAM, for the hour.
DAOPTRAMT $_{o, (j, k)}$	$	*Day-Ahead Option with Refund Amount per CRR Owner per pair of source and sink*—The payment to NOIE CRR Owner *o* for the PTP Options with Refund with the source *j* and the sink *k* settled in the DAM, for the hour.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

7.9.2 Real-Time CRR Payments and Charges

7.9.2.1 Payments and Charges for PTP Obligations Settled in Real-Time

(1) ERCOT shall pay the Qualified Scheduling Entity (QSE) of each cleared PTP Obligation with links to an Option the positive difference in Real-Time Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The payment to each QSE for a given Operating Hour of its cleared PTP Obligation with links to an Option with each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{RTOBLLOAMT}_{q,(j,k)} = \mathbf{(-1) * MAX(0, RTOBLPR}_{(j,k)}\mathbf{) * RTOBLLO}_{q,(j,k)}$$

(2) ERCOT shall pay or charge the QSE of each PTP Obligation acquired in the DAM the difference in Real-Time Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The payment or charge to each QSE for a given Operating Hour of its cleared PTP Obligations with each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{RTOBLAMT}_{q,(j,k)} = \mathbf{(-1) * RTOBLPR}_{(j,k)}\mathbf{ * RTOBL}_{q,(j,k)}$$

(3) In the event that ERCOT is unable to execute the DAM, ERCOT shall pay or charge the owner of each PTP Obligation based on the difference in Real-Time Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The payment or charge to each CRR Owner for a given Operating Hour of its PTP Obligations with each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{NDRTOBLAMT}_{o,(j,k)} = \mathbf{(-1) * RTOBLPR}_{(j,k)}\mathbf{ * DAOBL}_{o,(j,k)}$$

Where:

$$\text{RTOBLPR}_{(j,k)} = \sum_{i=1}^{4} (\text{RTSPP}_{k,i} - \text{RTSPP}_{j,i}) / 4$$

The above variables are defined as follows:

Variable	Unit	Definition
$\text{RTOBLAMT}_{q,(j,k)}$	$	*Real-Time Obligation Amount per QSE per pair of source and sink*—The payment or charge to QSE *q* for its PTP Obligations with the source *j* and the sink *k* settled in Real-Time, for the hour.
$\text{RTOBLLOAMT}_{q,(j,k)}$	$	*Real-Time Obligation with Links to an Option Amount per QSE per pair of source and sink*—The payment to QSE *q* for its PTP Obligations with Links to an Option with the source *j* and the sink *k* settled in Real-Time, for the hour.
$\text{NDRTOBLAMT}_{o,(j,k)}$	$	*No DAM Real-Time Obligation Amount per CRR Owner per pair of source and sink*—The payment or charge to CRR Owner *o* for its PTP Obligations with the source *j* and the sink *k* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.

Variable	Unit	Definition
RTOBLPR $_{(j, k)}$	$/MW per hour	*Real-Time Obligation Price*—The Real-Time price of the PTP Obligation, for the hour.
RTSPP $_{j, i}$	$/MWh	*Real-Time Settlement Point Price at source per interval*—The Real-Time Settlement Point Price at the source *j* for the 15-minute Settlement Interval *i*.
RTSPP $_{k, i}$	$/MWh	*Real-Time Settlement Point Price at sink per interval*—The Real-Time Settlement Point Price at the sink *k* for the 15-minute Settlement Interval *i*.
RTOBL $_{q, (j, k)}$	MW	*Real-Time Obligation per QSE per pair of source and sink*—The total MW of QSE *q*'s PTP Obligation bids cleared in the DAM and settled in Real-Time for the source *j* and the sink *k* for the hour.
RTOBLLO $_{q, (j, k)}$	MW	*Real-Time Obligation with Links to an Option per QSE per pair of source and sink*—The total MW of QSE *q*'s PTP Obligation bids with Links to an Option cleared in the DAM and settled in Real-Time for the source *j* and the sink *k* for the hour.
DAOBL $_{o, (j, k)}$	MW	*Day-Ahead Obligation per CRR Owner per source and sink pair*—The number of CRR Owner *o*'s PTP Obligations with the source *j* and the sink *k* settled in the DAM for the hour. See Section 7.9.1.1, Payments and Charges for PTP Obligations Settled in DAM.
o	none	A CRR Owner.
q	none	A QSE.
i	none	A 15-minute Settlement Interval in the Operating Hour.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(4) The net total payment or charge to each QSE for the Operating Hour of all its PTP Obligations settled in Real-Time is calculated as follows:

$$\mathbf{RTOBLAMTQSETOT}_{q} = \sum_{j}\sum_{k}\mathbf{RTOBLAMT}_{q, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
RTOBLAMTQSETOT $_{q}$	$	*Real-Time Obligation Amount QSE Total per QSE*—The net total payment or charge to QSE *q* of all its PTP Obligations settled in Real-Time, for the hour.
RTOBLAMT $_{q, (j, k)}$	$	*Real-Time Obligation Amount per QSE per pair of source and sink*—The payment or charge to QSE *q* for the PTP Obligations with the source *j* and the sink *k* settled in Real-Time, for the hour.
q	none	A QSE.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(5) The net total payment to each QSE for the Operating Hour of all its PTP Obligations with Links to Options settled in Real-Time is calculated as follows:

$$\mathbf{RTOBLLOAMTQSETOT}_{q} = \sum_{j}\sum_{k}\mathbf{RTOBLLOAMT}_{q, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
RTOBLLOAMTQSETOT $_{q}$	$	*Real-Time Obligation with Links to an Option Amount QSE Total per QSE*—The net total payment to QSE *q* of all its PTP Obligations with Links to an Option settled in Real-Time, for the hour.
RTOBLLOAMT $_{q, (j, k)}$	$	*Real-Time Obligation with Links to an Option Amount per QSE per pair of source and sink*—The payment to QSE *q* for the PTP Obligations with Links to an Option with the source *j* and the sink *k* settled in Real-Time, for the hour.
q	none	A QSE.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(6) If ERCOT is unable to execute DAM, the net total payment or charge to each CRR Owner for the Operating Hour of all its PTP Obligations settled in Real-Time is calculated as follows:

$$\mathbf{NDRTOBLAMTOTOT}_{o} = \sum_{j}\sum_{k} \mathbf{NDRTOBLAMT}_{o,(j,k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
NDRTOBLAMTOTOT $_{o}$	$	*No DAM Real-Time Obligation Amount Owner Total per CRR Owner*—The net total payment or charge to CRR Owner *o* of all its PTP Obligations settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
NDRTOBLAMT $_{o, (j, k)}$	$	*No DAM Real-Time Obligation Amount per CRR Owner per pair of source and sink*—The payment or charge to CRR Owner *o* for its PTP Obligations with the source *j* and the sink *k* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
o	None	A CRR Owner.
j	None	A source Settlement Point.
k	None	A sink Settlement Point.

7.9.2.2 Payments for PTP Options Settled in Real-Time

(1) When the DAM is not executed, ERCOT shall pay the owner of each PTP Option based on the positive difference in Real-Time Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The payment to each CRR Owner for a given Operating Hour of its PTP Options with each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{NDRTOPTAMT}_{o, (j, k)} = \mathbf{(-1) * NDRTOPTTP}_{o, (j, k)}$$

Where:

The target payment if ERCOT is unable to execute the DAM:

$$\text{NDRTOPTTP}_{o, (j, k)} = \text{RTOPTPR}_{(j, k)} * \text{OPT}_{o, (j, k)}$$

$$RTOPTPR_{(j,k)} = \sum_{i=1}^{4} \text{Max}(0, RTSPP_{k,i} - RTSPP_{j,i}) / 4$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTOPTAMT_{o,(j,k)}$	$	*No DAM Real-Time Option Amount per CRR Owner per source and sink pair*—The payment to CRR Owner *o* of PTP Options with the source *j* and the sink *k* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTOPTTP_{o,(j,k)}$	$	*No DAM Real-Time Option Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Options with the source *j* and the sink *k* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$RTOPTPR_{(j,k)}$	$/MW per hour	*Real-Time Option Price per source and sink pair* —The Real-Time price of a PTP Option or PTP Option with Refund with the source *j* and the sink *k* for the hour.
$OPT_{o,(j,k)}$	MW	*Option per CRR Owner per source and sink pair*—The number of CRR Owner *o*'s PTP Options with the source *j* and the sink *k* settled in the DAM for the hour. See Section 7.9.1.2, Payments for PTP Options Settled in DAM.
$RTSPP_{j,i}$	$/MWh	*Real-Time Settlement Point Price at source per interval*—The Real-Time Settlement Point Price at the source Settlement Point *j*, for the 15-minute Settlement Interval *i*.
$RTSPP_{k,i}$	$/MWh	*Real-Time Settlement Point Price at sink per interval*—The Real-Time Settlement Point Price at the sink Settlement Point *k*, for the 15-minute Settlement Interval *i*.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(2) If ERCOT is unable to execute the DAM, the total payment to each CRR Owner for the Operating Hour of all its PTP Options settled in Real-Time is calculated as follows:

$$\mathbf{NDRTOPTAMTOTOT}_{o} = \sum_{j} \sum_{k} \mathbf{NDRTOPTAMT}_{o,(j,k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTOPTAMTOTOT_{o}$	$	*No DAM Real-Time Option Amount Owner Total per CRR Owner*—The total payment to CRR Owner *o* for all its PTP Options settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTOPTAMT_{o,(j,k)}$	$	*No DAM Real-Time Option Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* for its PTP Options with the source *j* and the sink *k* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

7.9.2.3 Payments for NOIE PTP Options with Refund Settled in Real-Time

(1) When the DAM is not executed, ERCOT shall pay the NOIE owner of each PTP Option with Refund that was allocated to that NOIE as a PCRR, for the quantity up to the actual usage based on the positive difference in Real-Time Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The payment to each NOIE CRR Owner for a given Operating Hour of its PTP Options with Refund each pair of source and sink Settlement Points is calculated as follows:

$$\mathbf{NDRTOPTRAMT}_{o,(j,k)} = \mathbf{(-1) * NDRTOPTRTP}_{o,(j,k)}$$

Where:

The target payment if ERCOT is unable to execute the DAM:

$$NDRTOPTRTP_{o,(j,k)} = RTOPTPR_{(j,k)} * \text{Min}(OPTR_{o,(j,k)}, OPTRACT_{o,(j,k)})$$

$$OPTRACT_{o,(j,k)} = \sum_{r}(OPTROF_{o,r} * RESACT_{r} * OPTRF_{o,r,(j,k)})$$

If (a valid $OS_{r,y}$ exists for all SCED intervals within the hour)

$$RESACT_{r} = \sum_{y} OS_{r,y} * TLMP_{y}) / (\sum_{y} TLMP_{y})$$

Otherwise

$$RESACT_{r} = TGFTH_{r}$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTOPTRAMT_{o,(j,k)}$	$	*No DAM Real-Time Option with Refund Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* of the PTP Options with Refund with the source *j* and the sink *k*, settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTOPTRAMT_{o,(j,k)}$	$	*No DAM Real-Time Option with Refund Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* of the PTP Options with Refund with the source *j* and the sink *k*, settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTOPTRTP_{o,(j,k)}$	$	*No DAM Real-Time Option with Refund Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Options with Refund, with the source *j* and the sink *k*, settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$RTSPP_{j,i}$	$/MWh	*Real-Time Settlement Point Price at source per interval*—The Real-Time Settlement Point Price at the source *j* for the 15-minute Settlement Interval *i*.
$RTSPP_{k,i}$	$/MWh	*Real-Time Settlement Point Price at sink per interval*—The Real-Time Settlement Point Price at the sink *k* for the 15-minute Settlement Interval *i*.
$RTOPTPR_{(j,k)}$	$/MW per hour	*Real-Time Option Price per source and sink pair*—The Real-Time price of a PTP Option with Refund with the source *j* and the sink *k* for the hour.
$OPTRACT_{o,(j,k)}$	MW	*Option with Refund Actual usage per CRR Owner per pair of source and*

Variable	Unit	Definition
		sink—CRR Owner *o*'s actual usage for the PTP Options with Refund with the source *j* and the sink *k*, for the hour.
$RESACT_{r}$	MW	*Resource Actual per Resource per hour*—The time-weighted average of the Output Schedule of Resource *r* (if a valid Output Schedule exists) or the telemetered output of Resource *r*, for the hour.
$OPTROF_{o, r}$	none	*Option with Refund Ownership Factor per CRR Owner per Resource*—The factor showing the percentage usage of Resource *r* for CRR Owner *o*'s PTP Options with Refund. Its value is 1, if only one CRR Owner uses this Resource for PCRRs under the refund provision.
$OS_{r, y}$	MW	*Output Schedule per Resource per SCED interval*—The Output Schedule submitted to ERCOT for Resource *r* for the SCED interval *y*.
$TGFTH_{r}$	MWh	*Telemetered Generation for the Hour per Resource per hour*—The telemetered generation of Generation Resource *r*, for the hour.
$OPTRF_{o, r, (j, k)}$	none	*Option with Refund Factor per CRR Owner per Resource associated with pair of source and sink*—The ratio of CRR Owner *o*'s Resource *r*'s capacity allocated to the PTP Options with Refund with the source *j* and sink *k* to the same CRR Owner's total capacity for the Resource *r* nominated for all the PCRRs under the refund provision with the same source *j*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the hour.
$OPTR_{o, (j, k)}$	MW	*Option with Refund per CRR Owner per pair of source and sink*—The number of CRR Owner *o*'s PTP Options with Refund settled in the DAM for the hour.
o	none	A CRR Owner.
r	none	A Resource.
y	none	A SCED interval in the hour.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(2) If ERCOT is unable to execute the DAM, the total payment to each NOIE CRR Owner for the Operating Hour of all its PTP Options with Refund settled in Real-Time is calculated as follows:

$$\mathbf{NDRTOPTRAMTOTOT}_{o} = \sum_{j}\sum_{k}\mathbf{NDRTOPTRAMT}_{o, (j, k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTOPTRAMTOTOT_{o}$	$	*No DAM Real-Time Option with Refund Amount Owner Total per CRR Owner*—The total payment to NOIE CRR Owner *o* for all its PTP Options with Refund settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTOPTRAMT_{o, (j, k)}$	$	*No DAM Real-Time Option with Refund Amount per CRR Owner per pair of source and sink*—The payment to NOIE CRR Owner *o* for the PTP Options with Refund with the source *j* and the sink *k* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
o	none	A CRR Owner.

j	none	A source Settlement Point.
k	none	A sink Settlement Point.

7.9.2.4 Payments for FGRs in Real-Time

(1) In the event that ERCOT is unable to execute the DAM, ERCOT shall pay the owner of the FGR an amount based on the time-weighted Shadow Price of each SCED interval for each directional network element associated with the FGR for each contingency (including the null contingency or base case) normalized to the impact of the principal network element of the FGR (the normal rating of which is used to determine the total MW amount for the FGR). The payment to each CRR Owner for its FGRs determined by the principal flowgate element of each flowgate for a given hour is calculated as follows:

$$NDRTFGRAMT_{o,f} = \mathbf{(-1)} * \mathbf{NDRTFGRTP}_{o,f}$$

Where:

$$NDRTFGRTP_{o,f} = NDRTFGRPR_{f} * DAFGR_{o,f}$$

$$NDRTFGRPR_{f} = \sum_{y} \sum_{e \in f} (\sum_{c} INF_{f,e,c} * RTSP_{e,c,y}) * TLMP_{y} / \sum_{y} TLMP_{y}$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTFGRAMT_{o,f}$	$	*No DAM Real-Time FGR Amount per CRR Owner per flowgate*—The payment to CRR Owner *o* of the flowgate *f* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTFGRTP_{o,f}$	$	*No DAM Real-Time FGR Target Payment per CRR Owner per flowgate*—The target payment for CRR Owner *o*'s flowgate *f* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTFGRPR_{f}$	$/MW per hour	*No DAM Real-Time FGR Price per flowgate*—The Real-Time price of the flowgate *f* when ERCOT is unable to execute DAM, for the hour.
$RTSP_{e,c,y}$	$/MW per hour	*Real-Time Shadow Price per element per constraint per SCED interval*—The Real-Time Shadow Price on the directional network element *e*, for constraint *c*, in the SCED interval *y*.
$TLMP_{y}$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the hour.
$INF_{f,e,c}$	none	*Impact Normalization Factor per flowgate per element per constraint*—The parameter that reflects the normalized impact on the flowgate element *e* for each constraint *c* relative to the impact on the principal flowgate element of flowgate *f* for the base case.
$DAFGR_{o,f}$	MW	*Day-Ahead FGR per CRR Owner per flowgate*—The CRR Owner *o*'s total number of FGRs determined by the principal element of flowgate *f* settled in the DAM for the hour. See Section 7.9.1.4, Payments for FGRs Settled in DAM.
o	none	A CRR Owner.

Variable	Unit	Definition
f	none	A flowgate.
e	none	A predefined directional network element.
c	none	A constraint for each contingency (including the null contingency and base case).
e∈f	none	The directional network element *e* that belongs to the flowgate *f*.
y	none	A SCED interval in the hour.

(2) If ERCOT is unable to execute the DAM, the total of the payments to each CRR Owner for the Operating Hour of all its FGRs settled in Real-Time is calculated as follows:

$$\mathbf{NDRTFGRAMTOTOT}_{o} = \sum_{f} \mathbf{NDRTFGRAMT}_{o,f}$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTFGRAMTOTOT_{o}$	$	*No DAM Real-Time FGR Amount Owner Total per CRR Owner*—The total payment to CRR Owner *o* of all its FGRs settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
$NDRTFGRAMT_{o,f}$	$	*No DAM Real-Time FGR Amount per CRR Owner per flowgate*—The payment to CRR Owner *o* of the flowgate *f* settled in Real-Time when ERCOT is unable to execute the DAM, for the hour.
o	none	A CRR Owner.
f	none	A flowgate.

7.9.2.5 Payments and Charges for PTP Obligations with Refund in Real-Time

(1) In the event that ERCOT is unable to execute the DAM, ERCOT shall pay or charge the NOIE owner of a PTP Obligation with Refund, for the quantity up to the actual usage based on the difference in the Real-Time Settlement Point Prices between the sink Settlement Point and the source Settlement Point. The payment or charge to each NOIE CRR Owner for a given Operating Hour of its PTP Options with Refund each pair of source and sink Settlement Points in Real-Time is calculated as follows:

$$\mathbf{NDRTOBLRAMT}_{o,(j,k)} = \mathbf{(-1) * NDRTOBLRTP}_{o,(j,k)}$$

Where:

The target payment:

$$NDRTOBLRTP_{o,(j,k)} = RTOBLRPR_{(j,k)} * \text{Min}\left(DAOBLR_{o,(j,k)}, OBLRACT_{o,(j,k)}\right)$$

$$RTOBLPR_{(j,k)} = \sum_{i=1}^{4} (RTSPP_{k,i} - RTSPP_{j,i}) / 4$$

$$OBLRACT_{o,(j,k)} = \sum_{r} (OBLROF_{o,r} * RESACT_{r} * OBLRF_{o,r,(j,k)})$$

If (a valid $OS_{r,y}$ exists for all SCED intervals within the hour)

$$RESACT_r = \sum_y (OS_{r,y} * TLMP_y) / (\sum_y TLMP_y)$$

Otherwise

$$RESACT_r = TGFTH_r$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTOBLRAMT_{o,(j,k)}$	$	*No DAM Real-Time Obligation with Refund Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* for the PTP Obligation with Refund with the source *j* and the sink *k*, settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour.
$NDRTOBLRTP_{o,(j,k)}$	$	*No DAM Real-Time Obligation with Refund Target Payment per CRR Owner per source and sink pair*—The target payment for CRR Owner *o*'s PTP Obligations with Refund, with the source *j* and the sink *k*, settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour.
$RTOBLPR_{(j,k)}$	$/MW per hour	*Real-Time Obligation Price*—The Real-Time price of the PTP Obligation, for the hour.
$RTSPP_{j,i}$	$/MWh	*Real-Time Settlement Point Price at source per interval*—The Real-Time Settlement Point Price at the source *j* for the 15-minute Settlement Interval *i*.
$RTSPP_{k,i}$	$/MWh	*Real-Time Settlement Point Price at sink per interval*—The Real-Time Settlement Point Price at the sink *k* for the 15-minute Settlement Interval *i*.
$DAOBLR_{o,(j,k)}$	MW	*Day-Ahead Obligation with Refund per CRR Owner per pair of source and sink*—The number of CRR Owner *o*'s PTP Obligations with Refund with the source *j* and the sink *k* settled in DAM for the hour. See Section 7.9.1.5, Payments and Charges for PTP Obligations with Refund Settled in DAM.
$OBLRACT_{o,(j,k)}$	MW	*Obligation with Refund Actual usage per CRR Owner per pair of source and sink*—CRR Owner *o*'s actual usage for the PTP Obligations with Refund with the source *j* and the sink *k*, for the hour.
$RESACT_r$	MW	*Resource Actual per Resource per hour*—The time-weighted average of the Output Schedule of Resource *r* (if a valid Output Schedule exists) or the telemetered output of Resource *r*, for the hour.
$OBLROF_{o,r}$	none	*Obligation with Refund Ownership Factor per CRR Owner per Resource*—The factor showing the percentage usage of Resource *r* for CRR Owner *o*'s PTP Obligations. Its value is 1, if only one CRR Owner has acquired PCRRs under the refund provision using this Resource *r*.
$OS_{r,y}$	MW	*Output Schedule per Resource per SCED interval*—The Output Schedule submitted to ERCOT for Resource *r* for the SCED interval *y*.
$TGFTH_r$	MWh	*Telemetered Generation for the Hour per Resource per Hour*—The telemetered generation of Generation Resource *r*, for the hour.
$OBLRF_{o,r,(j,k)}$	none	*Obligation with Refund Factor per CRR Owner per Resource*—The ratio of CRR Owner *o*'s Resource *r*'s capacity allocated to the PTP Obligations with Refund with the source *j* and sink *k* to the same CRR Owner's total capacity for the Resource *r* nominated for all the PCRRs under the refund provision with the same source *j*.
$TLMP_y$	second	*Duration of SCED interval per interval*—The duration of the portion of the SCED interval *y* within the hour.

Variable	Unit	Definition
o	none	A CRR Owner.
y	none	A SCED interval in the hour.
r	none	A Resource.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

(2) If ERCOT is unable to execute the DAM, the net total payment or charge to each CRR Owner for the Operating Hour of all its PTP Obligations with Refund settled in Real-Time is calculated as follows:

$$\mathbf{NDRTOBLRAMTOTOT}_{o} = \sum_{j}\sum_{k} \mathbf{NDRTOBLRAMT}_{o,(j,k)}$$

The above variables are defined as follows:

Variable	Unit	Definition
$NDRTOBLRAMTOTOT_{o}$	$	*No DAM Real-Time Obligation with Refund Amount Owner Total per CRR Owner*—The net total payment or charge to CRR Owner *o* for all its PTP Obligations with Refund settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour.
$NDRTOBLRAMT_{o,(j,k)}$	$	*No DAM Real-Time Obligation with Refund Amount per CRR Owner per pair of source and sink*—The payment to CRR Owner *o* for the PTP Obligation with Refund with the source *j* and the sink *k*, settled in Real-Time, when ERCOT is unable to execute the DAM, for the hour.
o	none	A CRR Owner.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.

7.9.3 CRR Balancing Account

7.9.3.1 DAM Congestion Rent

(1) The DAM congestion rent is calculated as the sum of the following payments and charges:

(a) The total of payments to all QSEs for cleared DAM energy offers (this does not include any revenue calculated for an RMR Unit, even though its Three-Part Supply Offer was cleared in the DAM), whether through Three-Part Supply Offers or through DAM Energy-Only Offer Curves, calculated under Section 4.6.2.1, Day-Ahead Energy Payment;

(b) The total of revenue for all RMR Units as calculated below;

(c) The total of charges to all QSEs for cleared DAM Energy Bids, calculated under Section 4.6.2.2, Day-Ahead Energy Charge; and

(d) The total of charges or payments to all QSEs for PTP Obligation bids cleared in the DAM, calculated under Section 4.6.3, Settlement for PTP Obligations Bought in DAM.

(e) The total of charges to all QSEs for PTP Obligation with Links to an Option bids cleared in the DAM, calculated under Section 4.6.3, Settlement for PTP Obligations Bought in DAM.

(2) The DAM congestion rent for a given Operating Hour is calculated as follows:

DACONGRENT = DAESAMTTOT + RMRDAEREVTOT + DAEPAMTTOT + DARTOBLAMTTOT + DARTOBLLOAMTTOT

Where:

$$DAESAMTTOT = \sum_{q} DAESAMTQSETOT_{q}$$

$$DAEPAMTTOT = \sum_{q} DAEPAMTQSETOT_{q}$$

$$DARTOBLAMTTOT = \sum_{q} DARTOBLAMTQSETOT_{q}$$

$$DARTOBLLOAMTTOT = \sum_{q} DARTOBLLOAMTQSETOT_{q}$$

$$RMRDAEREVTOT = \sum_{q} \sum_{p} \sum_{r} DAEREV_{q,p,r}$$

$$DAEREV_{q,p,r} = (-1) * DASPP_{p} * DAESR_{q,p,r}$$

The above variables are defined as follows:

Variable	Unit	Definition
DACONGRENT	$	*Day-Ahead Congestion Rent*—The congestion rent collected in the DAM for the hour.
DAESAMTTOT	$	*Day-Ahead Energy Sale Amount Total*—The total payment to all QSEs for cleared DAM energy offers, whether through Three-Part Supply Offers or through DAM Energy-Only Offer Curves for the hour.
RMRDAEREVTOT	$	*RMR Day-Ahead Energy Revenue Total*—The total of the RMR Day-Ahead Energy Revenue for all RMR Units for the hour. See Section 6.6.6, Reliability Must-Run Settlement.
DAEPAMTTOT	$	*Day-Ahead Energy Purchase Amount Total*—The total charge to all QSEs for cleared DAM Energy Bids for the hour.
DARTOBLAMTTOT	$	*Day-Ahead Real-Time Obligation Amount Total*—The net total charge or payment to all QSEs for cleared PTP Obligation bids in the DAM for the hour.

Variable	Unit	Definition
DARTOBLLOAMTTOT	$	*Day-Ahead Real-Time Obligation with Links to an Option Amount Total*—The net total charge to all QSEs for charge to QSE *q* for a PTP Obligation with Links to an Option Bid cleared in the DAM with the source *j* and the sink *k*, for the hour.
DAESAMTQSETOT $_{q}$	$	*Day-Ahead Energy Sale Amount QSE Total per QSE*—The total payment to QSE *q* for cleared DAM energy offers, whether through Three-Part Supply Offers or through DAM Energy-Only Offer Curves, for the hour. See item (2) of Section 4.6.2.1.
DAEREV $_{q, p, r}$	$	*Day-Ahead Energy Revenue per QSE by Settlement Point per unit*—The revenue received in the DAM for RMR Unit *r* at Resource Node *p* represented by QSE *q*, based on the DAM Settlement Point Price, for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
DASPP $_{p}$	$/MWh	*Day-Ahead Settlement Point Price by Settlement Point*—The DAM Settlement Point Price at Resource Node *p* for the hour.
DAESR $_{q, p, r}$	MW	*Day-Ahead Energy Sale from Resource per QSE by Settlement Point per unit*—The amount of energy cleared through Three-Part Supply Offers in the DAM and/or DAM Energy-Only Offer Curves for RMR Unit *r* at Resource Node *p* represented by QSE *q* for the hour. Where for a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train.
DAEPAMTQSETOT $_{q}$	$	*Day-Ahead Energy Purchase Amount QSE Total per QSE*—The total charge to QSE *q* for cleared DAM Energy Bids for the hour. See item (2) of Section 4.6.2.2.
DARTOBLAMTQSETOT $_{q}$	$	*Day-Ahead Real-Time Obligation Amount QSE Total per QSE*—The total charge or payment to QSE *q* for PTP Obligation Bids cleared in the DAM for the hour. See item (2) of Section 4.6.3.
DARTOBLLOAMTQSETOT$_{q}$	$	*Day-Ahead Real-Time Obligation with Links to an Option Amount QSE Total per QSE*—The net total charge to QSE q for all its PTP Obligation with Links to an Option Bids cleared in the DAM for the hour.
q	none	A QSE.
p	none	A Resource Node Settlement Point.
r	none	An RMR Unit.

7.9.3.2 Credit to CRR Balancing Account

If the Day-Ahead Congestion Rent is greater than the total payment to all CRR Owners for the CRRs settled in the DAM for any Operating Hour, a credit is put into the CRR Balancing Account for that Operating Hour. The credit to the CRR Balancing Account for a given Operating Hour is calculated as follows:

CRRBACR = Max (0, (DACONGRENT + DACRRCRTOT + DACRRCHTOT))

Where:

$$DACRRCRTOT = DAOBLCRTOT + DAOBLRCRTOT + DAOPTAMTTOT + DAOPTRAMTTOT + DAFGRAMTTOT$$

$$DACRRCHTOT = DAOBLCHTOT + DAOBLRCHTOT$$

$$DAOBLCRTOT = \sum_{o} DAOBLCROTOT_{o}$$

$$DAOBLCHTOT = \sum_{o} DAOBLCHOTOT_{o}$$

$$DAOBLRCRTOT = \sum_{o} DAOBLRCROTOT_{o}$$

$$DAOBLRCHTOT = \sum_{o} DAOBLRCHOTOT_{o}$$

$$DAOPTAMTTOT = \sum_{o} DAOPTAMTOTOT_{o}$$

$$DAOPTRAMTTOT = \sum_{o} DAOPTRAMTOTOT_{o}$$

$$DAFGRAMTTOT = \sum_{o} DAFGRAMTOTOT_{o}$$

The above variables are defined as follows:

Variable	Unit	Definition
CRRBACR	$	*CRR Balancing Account Credit*—The credit to the CRR Balancing Account for the hour.
DACONGRENT	$	*Day-Ahead Congestion Rent*—The congestion rent collected in the DAM for the hour. See Section 7.9.3.1, DAM Congestion Rent.
DACRRCRTOT	$	*Day-Ahead CRR Credit Total*—The total payment to all CRR Owners of all CRRs settled in the DAM, for the hour.
DACRRCHTOT	$	*Day-Ahead CRR Charge Total*—The total charge to all CRR Owners of all CRRs settled in the DAM, for the hour.
DAOBLCRTOT	$	*Day-Ahead Obligation Credit Total*—The total payment of all PTP Obligations settled in the DAM, for the hour.
DAOBLCHTOT	$	*Day-Ahead Obligation Charge Total*—The total charge of all PTP Obligations settled in the DAM, for the hour.
DAOBLRCRTOT	$	*Day-Ahead Obligation with Refund Credit Total*—The total payment of all PTP Obligations with Refund settled in the DAM, for the hour.
DAOBLRCHTOT	$	*Day-Ahead Obligation with Refund Charge Total*—The total charge of all PTP Obligations with Refund settled in the DAM, for the hour.
DAOPTAMTTOT	$	*Day-Ahead Option Amount Total*—The total payment of all PTP Options settled in the DAM, for the hour.
DAOPTRAMTTOT	$	*Day-Ahead Option with Refund Amount Total*—The total payment of all PTP Options with Refund settled in the DAM, for the hour.
DAFGRAMTTOT	$	*Day-Ahead FGR Amount Total*—The total payment of all FGRs settled in the DAM, for the hour.

Variable	Unit	Definition
DAOBLCROTOT $_o$	$	*Day-Ahead Obligation Credit Owner Total per owner*—The total payment to CRR Owner *o* of PTP Obligations settled in the DAM, for the hour. See Section 7.9.1.1, Payments and Charges for PTP Obligations Settled in DAM.
DAOBLCHOTOT $_o$	$	*Day-Ahead Obligation Charge Owner Total per owner*—The total charge to CRR Owner *o* of PTP Obligations settled in the DAM, for the hour. See Section 7.9.1.1.
DAOBLRCROTOT $_o$	$	*Day-Ahead Obligation with Refund Credit Owner Total per owner*—The total payment to the CRR Owner *o* of PTP Obligations with Refund settled in the DAM, for the hour. See Section 7.9.1.5, Payments and Charges for PTP Obligations with Refund Settled in DAM.
DAOBLRCHOTOT $_o$	$	*Day-Ahead Obligation with Refund Charge Owner Total per owner*—The total charge to CRR Owner *o* of PTP Obligations with Refund settled in the DAM, for the hour. See Section 7.9.1.5.
DAOPTAMTOTOT $_o$	$	*Day-Ahead Option Amount Owner Total per owner*—The total payment to the CRR Owner *o* of PTP Options settled in the DAM, for the hour. See Section 7.9.1.2, Payments for PTP Options Settled in DAM.
DAOPTRAMTOTOT $_o$	$	*Day-Ahead Option with Refund Amount Owner Total per owner*—The total payment to the CRR Owner *o* of PTP Options with Refund settled in the DAM, for the hour. See Section 7.9.1.6, Payments for PTP Options with Refund Settled in DAM.
DAFGRAMTOTOT $_o$	$	*Day-Ahead FGR Amount Owner Total per owner*—The total payment to the CRR Owner *o* of FGRs settled in the DAM, for the hour. See Section 7.9.1.4, Payments for FGRs Settled in DAM.
o	none	A CRR Owner.

7.9.3.3 Shortfall Charges to CRR Owners

(1) For each Operating Hour, if the Day-Ahead Congestion Rent is less than the total payment to all CRR Owners for the CRRs settled in the DAM, a charge will be made to each CRR Owner for any of its CRRs settled in the DAM that have positive Settlement prices.

(2) The charge to each CRR Owner for its CRRs settled in the DAM for a given Operating Hour is calculated as follows:

$$\mathbf{DACRRSAMT}_o = \mathbf{DACRRSAMTTOT} * \mathbf{CRRCRRSDA}_o$$

Where:

DACRRSAMTTOT = (-1) * Min (0, DACONGRENT + DACRRCRTOT + DACRRCHTOT)

CRRCRRSDA $_o$ = (DAOBLCROTOT $_o$ + DAOBLRCROTOT $_o$ + DAOPTAMTOTOT $_o$ + DAOPTRAMTOTOT $_o$ + DAFGRAMTOTOT $_o$) / (DACRRCRTOT)

The above variables are defined as follows:

Variable	Unit	Definition
DACRRSAMT $_o$	$	*Day-Ahead CRR Shortfall Amount per owner*—The shortfall charge to CRR Owner *o* for its CRRs settled in the DAM, for the hour.
DACRRSAMTTOT	$	*Day-Ahead CRR Shortfall Amount Total*—The shortfall charge to all CRR Owners for their CRRs settled in the DAM and the Real-Time Market (RTM), for the hour.
DACONGRENT	$	*Day-Ahead Congestion Rent*—The Congestion Rent collected in the DAM for the hour. See Section 7.9.3.1, DAM Congestion Rent.
DACRRCRTOT	$	*Day-Ahead CRR Credit Total*—The total payment to all CRR Owners of all the CRRs settled in the DAM, for the hour. See Section 7.9.3.2, Credit to CRR Balancing Account.
DACRRCHTOT	$	*Day-Ahead CRR Charge Total*—The total charge to all CRR Owners of all the CRRs settled in the DAM, for the hour. See Section 7.9.3.2.
CRRCRRSDA $_o$	none	*CRR Credit Ratio Share Day-Ahead per owner*—The ratio of the total payments to CRR Owner *o* of its CRRs settled in the DAM to the total payments to all CRR Owners of all CRRS, for the hour.
DAOBLCROTOT $_o$	$	*Day-Ahead Obligation Credit Owner Total per owner*—The total payment to CRR Owner *o* of PTP Obligations settled in the DAM, for the hour. See Section 7.9.1.1, Payments and Charges for PTP Obligations Settled in DAM.
DAOBLRCROTOT $_o$	$	*Day-Ahead Obligation with Refund Credit Owner Total per owner*—The total payment to CRR Owner *o* of PTP Obligations with Refund settled in the DAM, for the hour. See Section 7.9.1.5, Payments and Charges for PTP Obligations with Refund Settled in DAM.
DAOPTAMTOTOT $_o$	$	*Day-Ahead Option Amount Owner Total per owner*—The total payment to CRR Owner *o* of PTP Options settled in the DAM, for the hour. See Section 7.9.1.2, Payments PTP Options Settled in DAM.
DAOPTRAMTOTOT $_o$	$	*Day-Ahead Option with Refund Amount Owner Total per owner*—The total payment to CRR Owner *o* of PTP Options with Refund settled in the DAM, for the hour. See Section 7.9.1.6, Payments for PTP Options with Refund Settled in DAM.
DAFGRAMTOTOT $_o$	$	*Day-Ahead FGR Amount Owner Total per owner*—The total payment to CRR Owner *o* of FGRs settled in the DAM, for the hour. See Section 7.9.1.4, Payments for FGRs Settled in DAM.
o	none	A CRR Owner.

7.9.3.4 Monthly Refunds to Short-Paid CRR Owners

On a monthly basis, a refund may be paid to the CRR Owners that have a shortfall charge for any Operating Hour in a month. The refund to each CRR Owner for a given month is calculated as follows:

$$\mathbf{CRRRAMT}_{o} = \mathbf{(-1) * Min\ (CRRBACRTOT + CRRFEETOT,\ CRRSAMTTOT) * CRRSAMTRS}_{o}$$

Where:

$$\text{CRRBACRTOT} = \sum_{h} \text{CRRBACR}_{h}$$

$$CRRFEETOT = \sum_{crrh} \sum_{a} (OPTAFAMT_{crrh, a})$$

If (CRRSAMTTOT = 0)

$$CRRSAMTRS_{o} = 0$$

Otherwise

$$CRRSAMTRS_{o} = CRRSAMTOTOT_{o} / CRRSAMTTOT$$

$$CRRSAMTTOT = \sum_{o} CRRSAMTOTOT_{o}$$

$$CRRSAMTOTOT_{o} = \sum_{h} DACRRSAMT_{o, h}$$

The above variables are defined as follows:

Variable	Unit	Definition
$CRRRAMT_{o}$	$	*CRR Refund Amount per owner*—The refund to the short-paid CRR Owner *o* for the month.
CRRBACRTOT	$	*CRR Balancing Account Credit Total*—The total of credits accumulated in the CRR Balancing Account for all Operating Hours in the month.
CRRSAMTTOT	$	*CRR Shortfall Amount Total*—The total of shortfall charges to all CRR Owners for all Operating Hours in the month.
$CRRSAMTRS_{o}$	none	*CRR Shortfall Amount Ratio Share per owner*—The ratio of the CRR Owner *o*'s total shortfall-charge to the total of all the CRR Owners' shortfall charges, for the month.
$CRRSAMTOTOT_{o}$	$	*CRR Shortfall Amount Owner Total per owner*—The total of shortfall charges to CRR Owner *o* for all Operating Hours in the month.
$DACRRSAMT_{o, h}$	$	*Day-Ahead CRR Shortfall Amount per owner per hour*—The shortfall charge to CRR Owner *o* for its CRRs settled in the DAM for the hour *h*.
$CRRBACR_{h}$	$	*CRR Balancing Account Credit per hour*—The credit to the CRR Balancing Account for the hour *h*.
CRRFEETOT	$	*CRR Auction Fee Total*—The sum of the PTP Option Award Fees charged to all CRR Account Holders in single-month or multi-month CRR Auctions for the month.
$OPTAFAMT_{crrh, a}$	$	*PTP Option Award Fee Amount per CRR Account Holder per CRR Auction*—The fee assessed to CRR Account Holder *crrh* for PTP Option awards awarded in CRR Auction *a*, for the hour for which the clearing price is less than the defined Minimum PTP Option Bid Price for the month. For a multi-month CRR Auction, the fee shall be calculated for each month.
h	none	An Operating Hour in the month.
o	none	A CRR Owner.
crrh	none	A CRR Account Holder.
a	none	A CRR Auction

7.9.3.5 CRR Balancing Account Closure

(1) After calculation of refunds described in Section 7.9.3.4, Monthly Refunds to Short-Paid CRR Owners, any surplus that remains from the CRR Balancing Account and CRR Auction fees is paid to the QSEs representing Load Serving Entities (LSEs) based on a

monthly Load Ratio Share (LRS). The monthly LRS is the 15-minute LRS calculated for the peak-load Settlement Interval during the month.

(2) The credit to each QSE representing LSEs for a given month is calculated as follows:

$$\mathbf{LACRRAMT}_{q} = \mathbf{(-1) * (CRRBACRTOT + CRRFEETOT + CRRRAMTTOT) * MLRS}_{q}$$

Where:

$$CRRRAMTTOT = \sum_{o} CRRRAMT_{o}$$

The above variables are defined as follows:

Variable	Unit	Definition
$LACRRAMT_{q}$	$	*Load-Allocated CRR Amount per QSE*—The allocated surplus from the CRR Balancing Account and CRR Auction fees at the end of the month to QSE *q*, based on LRS for the month.
CRRBACRTOT	$	*CRR Balancing Account Credit Total*—The total credit accumulated in the CRR Balancing Account during the month. See its calculation in Section 7.9.3.4.
CRRFEETOT	$	*CRR Auction Fee Total*—The sum of the PTP Option Award Fees charged to all CRR Account Holders in single-month or multi-month CRR Auctions for the month.
CRRRAMTTOT	$	*CRR Refund Amount Total*—The total refund to all the previously short-paid CRR Owners at the end of the month.
$CRRRAMT_{o}$	$	*CRR Refund Amount per owner*—The refund credited to the CRR Owner *o* at the end of the month.
$MLRS_{q}$	none	*Monthly Load Ratio Share per QSE*—The LRS calculated for QSE *q* for the 15-minute monthly peak-load Settlement Interval. See Section 6.6.2.2, QSE Load Ratio Share for a 15-Minute Settlement Interval, for the calculation of LRS for a 15-minute Settlement Interval.
q	none	A QSE.
o	none	A CRR Owner.

ERCOT Nodal Protocols

Section 8: Performance Monitoring

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8 PERFORMANCE MONITORING

This Section describes how the performance of ERCOT, Transmission Service Providers (TSPs) and Qualified Scheduling Entities (QSEs) are measured against the requirements of these Protocols. All performance measures must be approved by the Technical Advisory Committee (TAC) prior to implementation. Summaries of the performance of each TSP and QSE and of ERCOT are to be made available on the Market Information System (MIS) Secure Area unless otherwise stated.

8.1 QSE and Resource Performance Monitoring

(1) ERCOT shall develop a Technical Advisory Committee (TAC)- and ERCOT Board-approved Qualified Scheduling Entity (QSE) and Resource monitoring program to be included in the Operating Guides prior to the Texas Nodal Market Implementation Date. Nothing in this Section changes the process for amending the Operating Guides. The metrics developed by ERCOT and approved by TAC and the ERCOT Board must include the provisions of this Section.

(2) Each QSE and Resource shall meet performance measures as described in this Section and in the Operating Guides.

(3) ERCOT shall monitor and post the following categories of performance:

(a) Real-Time data, for QSEs:

(i) Telemetry performance

(b) Regulation control performance, for QSEs and as applicable, Resource-specific performance (see also Section 8.1.1, QSE Ancillary Service Performance Standards);

(c) Compliance with valid Dispatch Instructions, for QSEs and Generation Resources;

(d) Hydro responsive testing for Generation Resources;

(e) Supplying and validating data for generator models, as requested by ERCOT, for Generation Resources;

(f) Outage scheduling and coordination, for QSEs and Resources;

(g) Resource-specific Responsive Reserve (RRS) performance for QSEs and Resources;

(h) Resource-specific Non-Spinning Reserve (Non-Spin) performance, for QSEs and Resources;

(i) Outage reporting, by QSEs for Resources;

(j) Current Operating Plan (COP) metrics, for QSEs; and

(k) Day-Ahead Reliability Unit Commitment (DRUC) and Hourly Reliability Unit Commitment (HRUC) commitment performance by QSEs and Generation Resources.

[NPRR257: Replace or insert applicable paragraphs of Section 8.1, QSE and Resource Performance Monitoring, above, with the following upon system implementation:]

8.1 QSE and Resource Performance Monitoring

(1) ERCOT shall develop a Technical Advisory Committee (TAC)- and ERCOT Board-approved Qualified Scheduling Entity (QSE) and Resource monitoring program to be included in the Operating Guides prior to the Texas Nodal Market Implementation Date. Nothing in this Section changes the process for amending the Operating Guides. The metrics developed by ERCOT and approved by TAC and the ERCOT Board must include the provisions of this Section.

(2) Each QSE and Resource shall meet performance measures as described in this Section and in the Operating Guides.

(3) ERCOT shall monitor and post the following categories of performance:

(a) Net dependable real power capability testing, for Resources;

(b) Reactive testing, for Generation Resources, to validate Corrected Unit Reactive Limit (CURL) and Unit Reactive Limit (URL);

(c) Real-Time data, for QSEs:

(i) Telemetry performance;

(ii) Communications system performance;

(iii) Operational data requirements required under Section 6.5.5.2, Operational Data Requirements.

(d) Regulation control performance, for QSEs and as applicable, Resource-specific performance (see also Section 8.1.1, QSE Ancillary Service Performance Standards);

(e) Compliance with valid Dispatch Instructions, for QSEs and Generation Resources;

(f) Hydro responsive testing for Generation Resources;

(g) Black Start Service (BSS) test results for QSEs and Generation Resources posted

to the Market Information System (MIS) Certified Area;

(h) Supplying and validating data for generator models, as requested by ERCOT, for Generation Resources;

(i) Outage scheduling and coordination, for QSEs and Resources;

(j) Resource-specific Responsive Reserve (RRS) performance for QSEs and Resources;

(k) The QSE backup control plan for Resource energy deployment in the event of the loss of a communication path with ERCOT. ERCOT will test these plans randomly at least once a year for QSEs representing Resources;

(l) Resource-specific Non-Spinning Reserve (Non-Spin) performance, for QSEs and Resources;

(m) 24 hours per day, seven days per week qualified staffing requirement, as described in the Operating Guides, for QSEs;

(n) Automatic Voltage Regulator (AVR) requirements, for QSEs and Generation Resources;

(o) Staffing plan for a backup control facility or procedures in the event that the primary facility is unusable, for QSEs;

(p) Outage reporting, by QSEs for Resources;

(q) Current Operating Plan (COP) metrics, for QSEs; and

(r) Day-Ahead Reliability Unit Commitment (DRUC) and Hourly Reliability Unit Commitment (HRUC) commitment performance by QSEs and Generation Resources.

8.1.1 QSE Ancillary Service Performance Standards

Each QSE and its Resources that provide Ancillary Service must meet performance measures set out in these Protocols and the Operating Guides. ERCOT shall develop a TAC- and ERCOT Board-approved Ancillary Service monitoring program to evaluate the performance of QSEs and Resources providing Ancillary Services prior to the Texas Nodal Market Implementation Date. This program must include monitoring of capacity availability and energy deployments as described below and in Section 6.5.7.5, Ancillary Services Capacity Monitor.

8.1.1.1 Ancillary Service Qualification and Testing

(1) Each QSE and the Resource providing Ancillary Service must meet qualification criteria to operate satisfactorily with ERCOT. ERCOT shall use the Ancillary Service

qualification and testing program that is approved by TAC and included in the Operating Guides. Each QSE for the Resources that it represents may only provide Ancillary Services on those Resources for which it has met the qualification criteria.

(2) General capacity testing must be used to verify a Resource's Net Dependable Capability. Qualification tests allow the Resource and QSE to demonstrate the minimum capabilities necessary to deploy an Ancillary Service.

(3) A Resource may be provisionally qualified for a period of 90 days and may be eligible to participate as a Resource providing Ancillary Service. Resources that have installed the appropriate equipment with verifiable testing data may be provisionally qualified as providers of Ancillary Service.

(4) A Load Resource may be provisionally qualified for a period of 90 days to participate as a Resource providing Ancillary Service, if the Load Resource is metered with an Interval Data Recorder (IDR) to ERCOT's reasonable satisfaction. A Load Resource providing Ancillary Service in Real-Time must meet the following requirements:

(a) Electric Service Identifier (ESI ID) registration of Load Resources providing Ancillary Service by the QSE; and

(b) Load Resource telemetry is installed and tested between QSE and ERCOT.

(5) Provisional qualification as described herein may be revoked by ERCOT at any time for any non-compliance with provisional qualification requirements.

(6) For those Settlement Intervals during which a Generation Resource or Load Resource behind the Generation Resource Node is engaged in testing in accordance with this Section, the provisions of Section 6.6.5, Generation Resource Base-Point Deviation Charge, will not apply to the Resource being tested beginning with the Settlement Interval immediately preceding the Settlement Interval in which ERCOT issues a Dispatch Instruction that begins the test and continuing until the end of the Settlement Interval in which the test completes. During the same Settlement Intervals for the testing period, the Generation Resource Energy Deployment Performance (GREDP) calculated in accordance with Section 8.1.1.4.1, Regulation Service and Generation Resource/Controllable Load Resource Energy Deployment Performance, will not apply.

(7) ERCOT may reduce the amount a Resource may contribute toward Ancillary Service if it determines unsatisfactory performance of the Resource as defined in Section 8.1.1, QSE Ancillary Service Performance Standards.

(8) To maintain qualification with ERCOT to provide Responsive Reserve (RRS) service, each Load Resource, excluding Controllable Load Resources, will be subject to a Load interruption test at a date and time determined by ERCOT and known only to ERCOT and the affected Transmission Service Provider (TSP), to verify the ability to respond to an ERCOT Dispatch Instruction. To successfully pass this test, the Load Resource must deploy at least 95% of its Ancillary Service Resource Responsibility for RRS within ten minutes of the receipt of the ERCOT Dispatch Instruction by the Load Resource's QSE.

If a Load Resource has responded to an actual ERCOT Dispatch Instruction with at least a 95% reduction in its Ancillary Service Resource Responsibility for RRS within ten minutes in the rolling 365-day period, ERCOT will use that response in lieu of a Load interruption test. If a Load Resource has not responded to an ERCOT Dispatch Instruction with at least a 95% reduction in its Ancillary Service Resource Responsibility for RRS within ten minutes, either in a deployment event or a Load interruption test, in any rolling 365-day period, it is subject to a Load interruption test by ERCOT. QSEs may request to have individual Load Resources aggregated for the purposes of Load interruption tests. All performance evaluations will apply on an individual Resource basis.

(9) ERCOT may revoke the Ancillary Service qualification of any Load Resource, excluding Controllable Load Resources, for failure to comply with the required performance standards, based on the evaluation it performed under paragraph (c) of Section 8.1.1.4.2, Responsive Reserve Service Energy Deployment Criteria. Specifically, if a Load Resource that is providing RRS fails to respond with at least 95% of its Ancillary Service Resource Responsibility for RRS within ten minutes of an ERCOT Dispatch Instruction, that response shall be considered a failure. Two Load Resource performance failures, either in a deployment event or a Load interruption test, within any rolling 365-day period shall result in disqualification of that Load Resource. After six months of disqualification, the Load Resource may reapply for qualification provided it submits a corrective action plan to ERCOT that identifies actions taken to correct performance deficiencies and the disqualified Load Resource successfully passes a new Load interruption test as specified in this Section 8.1.1.1.

8.1.1.2 General Capacity Testing Requirements

(1) Within the first 15 days of each Season, each QSE shall provide ERCOT a Seasonal High Sustained Limit (HSL) for any Generation Resource with a capacity greater than ten MW that will be operated during that Season. ERCOT shall provide an appropriate form for QSEs to submit their Seasonal HSL data. The Seasonal HSL form shall take into account auxiliary Load and gross and net real power capability of the Generation Resource. Each QSE shall update its COP and telemetry, as necessary, to reflect the HSL of each of its Generation Resources in a given operating interval as well as other operational limitations. The HSL shown in the COP for a Generation Resource may not be ramp rate-limited while the Real-Time telemetered value of HSL for the Generation Resource may be ramp rate-limited by the QSE representing the Generation Resource in order for the Generation Resource to meet its HSL using the testing process described in paragraph (2) below.

(2) To verify that the HSL reported by telemetry is achievable, ERCOT may, at its discretion, conduct an unannounced Generation Resource test. At a time determined solely by ERCOT, ERCOT will issue a Verbal Dispatch Instruction (VDI) to the QSE to operate the designated Generation Resource at its HSL as shown in the QSE's telemetry at the time the test is initiated. The QSE shall immediately upon receiving the VDI release all Ancillary Service obligations carried by the unit to be tested and shall

telemeter Resource status as "ONTEST." The QSE shall not be required to start the designated Generation Resource if it is not already On-Line when ERCOT announces its intent to test the Resource. If the designated Generation Resource is operating at its Low Sustained Limit (LSL) when ERCOT sends the VDI to begin the test, the QSE shall have up to 60 minutes to allow the Resource to reach 90% of its HSL as shown by telemetry and up to an additional 20 minutes for the Resource to reach the HSL shown by telemetry at the time the test is initiated. This time requirement does not apply to nuclear-fueled Generation Resources. If the designated Generation Resource is operating between its LSL and 50% of its HSL shown by telemetry when ERCOT begins the test, the QSE shall have 60 minutes for the Resource to reach its HSL. If the Resource is operating at or above 50% of its HSL shown by telemetry when ERCOT begins the test, the QSE shall have 30 minutes for the Resource to reach its HSL. Once the designated Generation Resource reaches its HSL, the QSE shall hold it at that output level for a minimum of 30 minutes. The HSL for the designated Generation Resource shall be determined based on the Real-Time averaged MW telemetered by the Resource during the 30 minutes of constant output. After each test, the QSE representing the Generation Resource will complete and submit the test form using the Net Dependable Capability and Reactive Capability (NDCRC) application located on the Market Information System (MIS) within two Business Days.

(3) ERCOT may test multiple Generation Resources within a single QSE within a single 24-hour period. However, in no case shall ERCOT test more than two Generation Resources within one QSE simultaneously. All Resources On-Line in a Combined-Cycle Configuration will be measured on an aggregate capacity basis. All QSEs associated with a jointly owned unit will be tested simultaneously. Hydro and wind generation will be excluded from unannounced generation capacity testing. ERCOT shall not perform an unannounced Generation Resource test during a Watch or Energy Emergency Alert (EEA) event. If an unannounced Generation Resource test is underway when a Watch or EEA event commences, ERCOT may cancel the test.

(4) Should the designated Generation Resource fail to reach its HSL shown in its telemetry within the time frame set forth herein, the Real-Time averaged MW telemetered during the test shall be the basis for the new HSL for the designated Generation Resource for that Season. The QSE shall have the opportunity to request another test as quickly as possible (at a time determined by ERCOT) and may retest up to two times per month. The QSE may also demonstrate an increased value of HSL by operating the Generation Resource at an Output Schedule for at least 30 minutes. In order to raise an output schedule above the Seasonal HSL, the QSE may set the Resource telemetered HSL equal to its output temporarily for the purposes of the demonstration tests. After either a retest or a demonstration test, the MW capability of the Generation Resource based on the average of the MW production telemetered during the test shall be the basis for the new HSL for the designated Generation Resource for that Season. Any requested retest must take place within three Business Days after the request for retest.

(5) The telemetered value of HSL for the Generation Resource shall only be used for testing purposes as described in this Section or for system reliability calculations. Under no circumstance shall the telemetered HSL be used for Settlement purposes.

(6) A Resource Entity owning a hydro unit operating in the synchronous condenser fast response mode to provide hydro RRS shall evaluate the maximum capability of the Resource each Season.

(7) ERCOT shall maintain historical records of unannounced Generation Resource test results, using the information contained therein to adjust the Reserve Discount Factor (RDF) subject to the approval of the appropriate TAC subcommittee. ERCOT shall report to the Reliability and Operations Subcommittee (ROS) annually or as requested by ROS the aggregated results of such unannounced testing (excluding retests), including, but not limited to, the number and total capacity of Resources tested, the percentage of Resources that met or exceeded their HSL reported by telemetry, the percentage that failed to meet their HSL reported by telemetry, and the total MW capacity shortfall of those Resources that failed to meet their HSL reported by telemetry.

(8) QSEs who receive a VDI to operate the designated Generation Resource for an unannounced Generation Resource test may be considered for additional compensation under Section 6.6.9, Emergency Operations Settlement. Any unannounced Generation Resource test VDI that ERCOT issues as a result of a QSE-requested retest will not be considered for additional compensation under Section 6.6.9.

(9) All unannounced Generation Resource test VDIs will be considered as an instructed deviation for compliance purposes.

(10) Before the start of each Season, a QSE shall provide ERCOT a list identifying each Controllable Load Resource that is expected to operate in a Season as a provider of Ancillary Service. Prior to the beginning of each Season, QSEs shall identify the Controllable Load Resources to be tested during the Season and the specific week of the test if known. Any Controllable Load Resource for which the QSE desires qualification to provide Ancillary Services shall have its Net Dependable Capability verified prior to providing Ancillary Services.

(11) ERCOT shall annually verify the telemetry attributes of each qualified Load Resource. In addition, once every two years, any Load Resource qualified to provide RRS Service using a high-set under-frequency relay shall test the correct operation of the under-frequency relay or the output from the solid-state switch, whichever applies. However, if a Load Resource's performance has been verified through response to an actual event, the data from the event can be used to meet the annual telemetry verification requirement for that year and the biennial relay-testing requirement.

[NPRR555: Replace paragraph (11) above with the following upon system implementation:]

(11) ERCOT shall verify the telemetry attributes of each qualified Load Resource as follows:

(a) ERCOT shall annually verify the telemetry attributes of each Load Resource providing RRS using a high-set under-frequency relay. In addition, once every two years, any Load Resource qualified to provide RRS Service using a high-set under-frequency relay shall test the correct operation of the under-frequency relay

or the output from the solid-state switch, whichever applies. However, if a Load Resource's performance has been verified through response to an actual event, the data from the event can be used to meet the annual telemetry verification requirement for that year and the biennial relay-testing requirement.

(b) ERCOT shall periodically validate the telemetry attributes of each Controllable Load Resource. In the case of an Aggregate Load Resource, ERCOT will follow the validation procedures described in the document titled "Requirements for Aggregate Load Resource Participation in the ERCOT Markets." If a QSE fails to meet its telemetry validation requirements, ERCOT may suspend the QSE and/or the Controllable Load Resource from participation in the applicable services or markets. If disqualified pursuant to this paragraph, a QSE or Controllable Load Resource may reestablish its qualification by submitting a corrective action plan to ERCOT that identifies actions taken to correct performance deficiencies and by successfully passing a new ERCOT telemetry validation test.

(12) Telemetry values of a Load Resource may be adjusted to reflect Distribution Losses, based on the ERCOT-forecasted Distribution Loss Factors (DLFs). Load Resources may be adjusted for Distribution Losses using the same distribution loss code as assigned to the ESI ID.

(13) A specific Load Resource to be used for the first time to provide Regulation, RRS or Non-Spin must be tested to ERCOT's reasonable satisfaction using an actual interruption of its Load as part of its qualification to provide Ancillary Service. The test must take place at a time mutually selected by the QSE representing the Load Resource and ERCOT. ERCOT shall make available its standard test document for Load Resource qualification required under this Section on the MIS Public Area.

[NPRR555: Replace paragraph (13) above with the following upon system implementation:]

(13) A specific Load Resource to be used for the first time to provide Regulation, RRS, Non-Spin or energy by following Security-Constrained Economic Dispatch (SCED) Base Points, must be tested to ERCOT's reasonable satisfaction using actual Demand response as part of its qualification. The test must take place at a time mutually selected by the QSE representing the Load Resource and ERCOT. ERCOT shall make available its standard test document for Load Resource qualification required under this Section on the MIS Public Area.

(14) Any changes to a Load Resource including changes to its capability to provide Ancillary Service requires updates by the Load Resource to the registration information detailing the change. For Non-Opt-In Entities (NOIEs) representing specific Load Resources that are located behind the NOIE Settlement Metering points, the NOIE shall provide an alternative unique descriptor of the qualified Load Resource for ERCOT's records.

(15) Qualification of a Resource, including a Load Resource, remains valid for that Resource in the event of a change of QSE for the Resource, provided that the new QSE demonstrates to ERCOT's reasonable satisfaction that the new QSE has adequate communications and control capability for the Resource.

(16) For purposes of qualifying Quick Start Generation Resources (QSGRs), ERCOT shall issue a unit-specific VDI for the MW amount that the QSE is requesting to qualify its QSGR to provide. The QSE shall telemeter an ONTEST Resource Status. The QSGR will only be qualified to provide an amount not to exceed the observed output at the end of a ten-minute test period.

(17) ERCOT may revoke the QSGR qualification of any QSGR for failure to comply with the following performance standard:

(a) A QSGR, available for deployment by Security-Constrained Economic Dispatch (SCED), is deemed to have failed to start for the purpose of this performance measure if the QSGR fails to achieve at least 90% of the minimum ERCOT SCED Base Point, including zero Base Points, within ten minutes of the initial ERCOT SCED Base Point that dispatched the QSGR above zero MW output.

(b) ERCOT may revoke a QSGR's qualification if within a rolling 90-day period the number of QSGR failures to start, as determined by paragraph (a) above, exceeds the higher of three failures or 10% of the number of quick start mode startups made in response to SCED deployments.

(18) If disqualified pursuant to paragraph (17) above, a QSGR may reestablish its QSGR qualification by submitting a corrective action plan to ERCOT that identifies actions taken to correct performance deficiencies and by successfully passing a new ERCOT QSGR test.

8.1.1.2.1 Ancillary Service Technical Requirements and Qualification Criteria and Test Methods

(1) A QSE and the Resource that it represents must be qualified to provide Ancillary Services. ERCOT shall develop and operate a qualification and testing program that meets the requirements of this Section for each Ancillary Service. Prior to the Texas Nodal Market Implementation Date, a QSE and the Resources that it represents that are qualified to provide an Ancillary Service in accordance with an effective Protocol, are deemed to be qualified to provide Ancillary Services after the Texas Nodal Market Implementation Date, provided that the QSE and the Resource have been certified capable of providing an Ancillary Service by a responsible Market Participant, as determined by ERCOT. Resources that are thus certified to provide Ancillary Services and that have a performance history determined in accordance with this Section, and that fail to meet the performance metrics described in this Section on the Texas Nodal Market Implementation Date, or thereafter, will be required to qualify in accordance with this Section before providing the Ancillary Service.

(2) A QSE and the Resource that it represents must be qualified in accordance with this Section as an Ancillary Service provider and at ERCOT's discretion will be required to re-qualify to provide Ancillary Service if acceptable performance as determined in accordance with this Section has not been maintained.

8.1.1.2.1.1 Regulation Service Qualification

(1) A QSE control system must be capable of receiving Regulation Up Service (Reg-Up) and Regulation Down Service (Reg-Down) control signals from ERCOT's Load Frequency Control (LFC) system, and of directing its Resources to respond to the control signals, in an upward and downward direction to balance Real-Time Demand and Resources. A QSE providing Reg-Up or Reg-Down shall provide communications equipment to receive telemetered control deployments of power from ERCOT.

(2) A QSE shall demonstrate to ERCOT that they have the ability to switch control to constant frequency operation as specified in the Operating Guides. ERCOT's direction to the QSE to operate on constant frequency will be considered a Dispatch Instruction.

(3) A QSE providing Reg-Up or Reg-Down shall provide ERCOT with the data requirements of Section 6.5.5.2, Operational Data Requirements. Resources providing Reg-Up or Reg-Down must be capable of delivering the full amount of regulating capacity offered to ERCOT within five minutes.

(4) A Reg-Up and Reg-Down qualification test for each Resource is conducted during a continuous 60-minute period agreed on in advance by the QSE and ERCOT. QSEs may qualify a Resource to provide Reg-Up or Reg-Down, or both, in separate testing. ERCOT shall administer the following test requirements:

(a) ERCOT shall confirm the date and time of the test with the QSE to validate the voice circuits.

(b) For the 60-minute duration of the test, when market and reliability conditions allow, the ERCOT Control Area Operator shall send a random sequence of increasing ramp, hold, and decreasing ramp control signals to the QSE for a specific Resource. ERCOT shall maintain a duration interval, for each increasing ramp, hold, or decreasing ramp sequence, of no less than two minutes. The control signals may not request Resource performance beyond the HSL, Low Sustained Limit (LSL), and ramp rate limit agreed on prior to the test. During the test, ERCOT shall structure the test sequence such that at least one five-minute test interval is used to test the Resource's ability to achieve the entire amount of Reg-Up or Reg-Down requested for qualification.

(c) ERCOT shall measure and record the average real power output for each minute of the Resource(s) being tested represented by the QSE. During at least one five minute duration interval selected to evaluate each of the Reg-Up and Reg-Down amounts being tested, the Generation/Controllable Load Resource Energy Deployment Performance (GREDP/CLREDP) calculated in accordance with

Section 8.1.1.4.1, Regulation Service and Generation Resource/Controllable Load Resource Energy Deployment Performance, over the entire five minute interval must be less than or equal to 3.5%. Additionally, in all other test sequence intervals, the Resource's measured GREDP/CLREDP must be less than or equal to 5% as calculated for the entire duration of each test interval.

(d) On successful demonstration of the above test criteria, ERCOT shall qualify that the Resource is capable of providing Regulation Service and shall provide a copy of the certificate to the QSE and the Resource.

8.1.1.2.1.2 Responsive Reserve Service Qualification

(1) Responsive Reserve (RRS) service may be provided by:

(a) Unloaded Generation Resources that are On-Line;

(b) Load Resources controlled by high-set under-frequency relays;

(c) Hydro Responsive Reserves;

(d) Direct Current Tie (DC Tie) response that stops frequency decay; or

(e) Controllable Load Resources.

(2) The amount of RRS provided by individual Generation Resources and Controllable Load Resources is specified in the Operating Guides. Each Resource providing RRS must be On-Line and capable of ramping the Resource's Ancillary Service Resources Responsibility for RRS within ten minutes of the notice to deploy RRS, must be immediately responsive to system frequency, and must be able to maintain the scheduled level of deployment for the period of service commitment. The amount of RRS on a Generation Resource may be further limited by requirements of the Operating Guides.

(3) A QSE's Load Resource must be loaded and capable of unloading the scheduled amount of RRS within ten minutes of instruction by ERCOT and must either be immediately responsive to system frequency or be interrupted by action of under-frequency relays with settings as specified by the Operating Guides.

(4) Any QSE providing RRS shall provide communications equipment to receive ERCOT telemetered control deployments of RRS.

(5) Generation Resources providing RRS shall have their governors in service.

(6) Load Resources on high-set under-frequency relays providing RRS must provide a telemetered output signal, including breaker status and status of the under-frequency relay.

(7) Each QSE shall ensure that each Resource is able to meet the Resource's obligations to provide the Ancillary Service Resource Responsibility. Each Generation Resource and Load Resource providing RRS must meet additional technical requirements specified in this Section.

(8) A qualification test for each Resource to provide RRS is conducted during a continuous eight-hour period agreed to by the QSE and ERCOT. ERCOT shall confirm the date and time of the test with the QSE using both the primary and alternate voice circuits to validate the voice circuits. ERCOT shall administer the following test requirements:

(a) At any time during the window (selected by ERCOT when market and reliability conditions allow and not previously disclosed to the QSE), ERCOT shall notify the QSE it is to provide an amount of RRS from its Resource to be qualified equal to the amount that the QSE is requesting qualification. The QSE shall acknowledge the start of the test.

(b) For Generation Resources desiring qualification to provide Responsive Reserve, ERCOT shall send a signal to the Resource's QSE to deploy a Responsive Reserve, indicating the MW amount. ERCOT shall monitor the QSEs telemetry of the Resource's Ancillary Service Schedule for an update within 15 seconds. ERCOT shall measure the test Resource's response as described under Section 8.1.1.4.2, Responsive Reserve Service Energy Deployment Criteria. ERCOT shall evaluate the response of the Generation Resource given the current operating conditions of the system and determine the Resource's qualification to provide Responsive Reserve.

(c) For Controllable Load Resources desiring qualification to provide Responsive Reserve, ERCOT shall send a signal to the Resource's QSE to deploy Responsive Reserve, indicating the MW amount. ERCOT shall measure the test Resource's response as described under Section 8.1.1.4.2. ERCOT shall evaluate the response of the Controllable Load Resource given the current operating conditions of the system and determine the Controllable Load Resource's qualification to provide Responsive Reserve.

(d) For Load Resources, excluding Controllable Load Resources, desiring qualification to provide Responsive Reserve, ERCOT shall deploy Responsive Reserve, indicating the MW amount. ERCOT shall measure the test Resource's response as described under Section 8.1.1.4.2.

(e) On successful demonstration of all test criteria, ERCOT shall qualify that the Resource is capable of providing RRS and shall provide a copy of the certificate to the QSE and the Resource Entity.

8.1.1.2.1.3 Non-Spinning Reserve Qualification

(1) Each Resource providing Non-Spin must be capable of being synchronized and ramped to its Ancillary Service Schedule for Non-Spin within 30 minutes. Non-Spin may be

provided from Generation Resource capacity that can ramp within 30 minutes or Load Resources capable of unloading within 30 minutes. Non-Spin may only be provided from capacity that is not fulfilling any other energy or capacity commitment.

(2) A Load Resource providing Non-Spin must provide a telemetered output signal, including breaker status.

(3) Each Generation Resource and Load Resource providing Non-Spin must meet additional technical requirements specified in this Section.

(4) QSEs using a Load Resource to provide Non-Spin must be capable of responding to ERCOT Dispatch Instructions in a similar manner to QSEs using Generation Resource to provide Non-Spin.

(5) Each QSE shall ensure that each Resource is able to meet the Resource's obligations to provide the Ancillary Service Resource Responsibility. Each Generation Resource and Load Resource providing Non-Spin must meet additional technical requirements specified in this Section.

(6) For any Resource requesting qualification for Non-Spin, a qualification test for each Resource to provide Non-Spin is conducted during a continuous eight hour period agreed to by the QSE and ERCOT. ERCOT shall confirm the date and time of the test with the QSE using both the primary and alternate voice circuits to validate the voice circuits. ERCOT shall administer the following test requirements.

(a) At any time during the window (selected by ERCOT when market and reliability conditions allow and not previously disclosed to the QSE), ERCOT shall notify the QSE by using the messaging system and requesting that the QSE provide an amount of Non-Spin from each Resource equal to the amount for which the QSE is requesting qualification. The QSE shall acknowledge the start of the test.

(b) For Generation Resources: during the test window, ERCOT shall send a message to the QSE representing a Generation Resources to deploy Non-Spin. ERCOT shall monitor the adjustment of the Generation Resource's Non-Spin Ancillary Service Schedule within five minutes for Resources On-Line. ERCOT shall measure the test Resource's response as described under Section 8.1.1.4.3, Non-Spinning Reserve Service Energy Deployment Criteria. ERCOT shall evaluate the response of the Generation Resource given the current operating conditions of the system and determine the Resource's qualification to provide Non-Spin.

(c) For Load Resources, including Controllable Load Resources, ERCOT shall send an instruction to deploy Non-Spin. ERCOT shall measure the test Resource's response as described under Section 8.1.1.4.3.

(d) On successful demonstration of all test criteria, ERCOT shall qualify that the Resource is capable of providing Non-Spin and shall provide a copy of the certificate to the QSE and the Resource Entity.

[NPRR532: Replace paragraph (6)(d) above with the following upon system implementation:]

(d) ERCOT shall qualify a Load Resource to provide Non-Spin based on an evaluation of historic meter data that takes into account the Load Resource's Load characteristics and Load shape predictability. Such qualification will designate the Load Resource for one or both of the measurement and verification methodologies described in paragraph (3)(f) of Section 8.1.1.4.3. On successful completion of this review and demonstration of all test criteria, ERCOT shall qualify that the Resource is capable of providing Non-Spin and shall provide a copy of the certificate to the QSE and the Resource Entity. ERCOT may review the Load Resource's Non-Spin qualification periodically and may revoke the qualification if it determines the criteria for measurement and verification are no longer being met.

8.1.1.2.1.4 Voltage Support Service Qualification

(1) The Resource Entity must verify and maintain its stated Reactive Power capability for each of its Generation Resources providing Voltage Support Service (VSS), as required by the Operating Guides. Generation Resources providing VSS reactive capability limits shall be specified considering nominal substation voltage.

(2) The Resource Entity shall conduct reactive capacity qualification tests to verify the maximum leading and lagging reactive capability of all Generation Resources required to provide VSS. Reactive capability tests are performed on initial qualification and at a minimum of once every two years. ERCOT may require additional testing if it has information indicating that current data is inaccurate. The Resource Entity is not obligated to place Generation Resources On-Line solely for the purposes of testing. The reactive capability tests must be conducted at a time agreed to in advance by the Resource Entity, its QSE, the applicable TSP, and ERCOT.

(3) Maximum lagging power factor reactive operating limit must be demonstrated during peak Load season, at or above 95% of the current Seasonal HSL, insofar as system voltage conditions and other factors will allow. Generation Resources that are classified as Intermittent Renewable Resources (IRRs) shall be tested when generating at or above 60% of their Seasonal HSL. The Generation Resource providing VSS is required to maintain this level of Reactive Power for 15 minutes.

(4) Maximum leading power factor reactive operating limit must be demonstrated during light Load conditions, with the Generation Resource operating at a typical output for that condition, or the normal expected output level for solid fuel Generation Resources during light Load conditions, insofar as system voltage conditions and other factors will allow. Generation Resources that are classified as IRRs shall be tested when generating below 60% of their Seasonal HSL. The Generation Resource is required to maintain this level of Reactive Power for 15 minutes.

(5) The Resource Entity shall perform the Automatic Voltage Regulator (AVR) tests and shall supply AVR data as specified in the Operating Guides. The AVR tests must be performed on initial qualification. The AVR tests must be conducted at a time agreed on in advance by the Resource Entity, its QSE, the applicable TSP and ERCOT.

8.1.1.2.1.5 System Black Start Capability Qualification and Testing

(1) A Resource is qualified to be a Black Start Resource if it has met the following requirements:

(a) Verified control communication path performance;

(b) Verified primary and alternate voice circuits for receipt of instructions;

(c) Passed the "Basic Starting Test" as defined below;

(d) Passed the "Line-Energizing Test" as defined below;

(e) Passed the "Load-Carrying Test" as defined below;

(f) Passed the "Next Start Resource Test" as defined below;

(g) If not starting itself, has an ERCOT-approved firm standby power contract with deliverability under Blackout circumstances from a non-ERCOT Control Area that can be finalized upon selection as a Black Start Resource;

(h) If not starting itself, has an ERCOT approved agreement with the necessary TSPs for access to another power pool, for coordination of switching during a Blackout or Partial Blackout, for coordination of maintenance through the ERCOT Outage Scheduler for all non-redundant transmission startup feeds; and

(i) If dependent upon non-ERCOT transmission resources, agreements providing this Transmission Service have been provided in the proposal.

(2) On successful demonstration of system Black Start Service (BSS) capability, ERCOT shall certify that the Black Start Resource is capable of providing system BSS capacity and shall provide a copy of the certificate to the Resource Entity of the Black Start Resource. Qualification shall be valid for the time frames set forth below. Except under extenuating circumstances, as reasonably determined by ERCOT, all qualification testing for the next year of BSS must be completed by December 1 of each year.

(3) ERCOT may limit the number of qualification retests allowed. Qualification retesting is required only for the aspect of system BSS capability for which the Black Start Resource failed. If a Black Start Resource under an existing Black Start Agreement does not successfully re-qualify within two months of failing a test described herein, ERCOT shall decertify the Black Start Resource for the remainder of the calendar year as described in

Section 7, Black Start Decertification, of Section 22, Attachment D, Standard Form Black Start Agreement. The following tests are required for BSS qualification:

(a) The "Basic Starting Test" includes the following:

(i) The basic ability of the Black Start Resource to start itself, or start from a normally open interconnection to another provider not inside the ERCOT interconnection, without support from the ERCOT System;

(ii) Annual testing, either as a stand-alone test or part of the Line Energizing and Load Carrying Tests, and the test is performed during a one-week period agreed to in advance by the Black Start Resource and ERCOT and must not cause outage to ERCOT Customer Load or the availability of other Resources to the ERCOT market;

(iii) Confirmation of the dates of the test with the Black Start Resource by ERCOT;

(iv) Initiation of the test at a time during a previously agreed test week window not previously disclosed to the Black Start Resource;

(v) Isolation of the Black Start Resource, including all auxiliary Loads, from the ERCOT System, except for the transmission that connects the Resource to a provider not inside the ERCOT interconnection if the startup power is supplied by a firm standby contract. Black Start Resources starting with the assistance of a provider not inside the ERCOT interconnection through a firm standby agreement will connect to provider not inside the ERCOT interconnection, start-up, carry internal Load, disconnect from the provider not inside the ERCOT interconnection if not supplied through a black-start capable DC Tie, and continue equivalently to what is required of other Black Start Resources;

(vi) The ability of the Black Start Resource to start without assistance from the ERCOT System, except for the transmission that connects the Resource to a provider not inside the ERCOT interconnection if the startup power is supplied by a firm standby contract;

(vii) The ability of the Black Start Resource to remain stable (in both frequency and voltage) while supplying only its own auxiliary Loads or Loads in the immediate area for at least 30 minutes;

(viii) The Black Start Resource must have verified that its Volts/Hz relay, over-excitation limiter, and under-excitation limiter are set properly and that no protection devices will trip the Black Start Resource within the required reactive range. The Resource Entity for the Black Start Resource shall provide ERCOT with data to verify these settings; and

(ix) Qualification under the Basic Starting Test is valid for one year.

(b) The "Line-Energizing Test" must be conducted at a time agreed on by the Black Start Resource, TSP or Distribution Service Provider (DSP), and ERCOT and includes the following:

(i) Energizing transmission with the Black Start Resource when conditions permit as determined by the TSP or DSP but at least once every three years;

(ii) De-energizing sufficient transmission in such manner that when energized by the Black Start Resource it demonstrates the Black Start Resource's ability to energize enough transmission to deliver to the Loads the Resource's output that ERCOT's restoration plan requires the Black Start Resource to supply. ERCOT shall be responsible for transmission connections and operations that are compatible with the capabilities of the Black Start Resource;

(iii) Conducting a Basic Starting Test;

(iv) Energizing transmission with the Black Start Resource of the previously de-energized transmission, while monitoring frequency and voltages at both ends of the line. Alternatively, if ERCOT agrees, the transmission line may be connected to the Black Start Resource before starting, allowing the Resource to energize the line as it comes up to speed;

(v) Stable operation of the Black Start Resource (in both frequency and voltage) while supplying only its auxiliary Loads or external Loads for at least 30 minutes;

(vi) This test may be performed together with the Basic Starting Test in one 30 minute interval; and

(vii) Qualification under the Line-Energizing Test is valid for three years.

(c) The "Load-Carrying Test" shall be tested as conditions permit, but at least once every five years and includes the following:

(i) Stable operation of the Black Start Resource (in both frequency and voltage) while supplying restoration power to Load specified by ERCOT's restoration plan for the Black Start Resource;

(ii) Conducting a Basic Starting Test;

(iii) Conducting a Line-Energizing Test when required;

(iv) The TSP or DSP operator for the Black Start Resource shall direct picking up sufficient Load to demonstrate the Black Start Resource's capability to supply the required power identified in ERCOT's restoration plan, while maintaining voltage and frequency for at least 30 minutes;

(v) This test may be performed together with the Basic Starting Test and Line Energizing Test when required in one 30 minute interval; and

(vi) Qualification under the Load-Carrying Test is valid for five years.

(d) "Next Start Resource Test":

(i) The ability of a Black Start Resource to start up the next start unit's largest required motor while continuing to remain stable and control voltage and frequency shall be tested. This test shall be repeated when a new next start unit is selected;

(ii) To pass the test:

(A) The potential Black Start Resource must start the next start unit (as determined by ERCOT), or start the next start unit's largest required motor and satisfied the next start unit's minimum startup Load requirements; or

(B) The Resource Entity shall demonstrate to the satisfaction of ERCOT through simulation studies conducted by the Resource Entity or a qualified third party, that the potential Black Start Resource is capable of starting the next start unit's largest required motor while meeting the next start unit's minimum startup Load requirements.

Potential BSS bidders may request next start unit information from ERCOT prior to the selection process to satisfy this requirement. ERCOT shall request this information from the designated next start unit as follows: ERCOT may require any Generation Resource to provide largest motor startup information and unit startup energy requirements as needed to validate Black Start proposals or plans submitted by other Generation Resources. Such data, if requested by ERCOT, shall be provided by the QSE representing the Generation Resource or the Generation Resource Entity to ERCOT within 30 days. Such information shall be considered Protected Information by the requesting Resource Entity when provided to the Resource Entity;

(iii) If a physical test is performed, the test shall commence with a Basic Starting Test, followed by a Line Energizing Test when required and a Load-Carrying Test as a stand-alone test or part of the Next Start Resource Test;

(iv) If a physical test is performed, the Black Start Resource must remain stable (in both voltage and frequency) and controlling voltage for 30 minutes;

(v) If a physical test is performed, this test may be performed together with the Basic Starting Test, Line Energizing Test when required, and Load Carrying Test in one 30 minute interval; and

(vi) Qualification under the Next Start Resource Test is valid for five years.

(4) Each qualified Black Start Resource shall perform a Black Start Resource Availability Test quarterly unless the Black Start Resource has successfully started and operated at LSL or higher for at least four consecutive Settlement Intervals during the quarter. The Black Start Resource's cost to perform a Black Start Availability Test may be a component of the overall bid for BSS but ERCOT will not separately compensate QSEs representing Black Start Resources for such testing. ERCOT, at its sole discretion, may grant an exemption of the Black Start Resource Availability Test for QSEs whose Black Start Resources have responded as instructed by ERCOT during an EEA event.

(5) The Black Start Resource Availability Test shall be scheduled by ERCOT. Upon receipt of notification for a Black Start Resource Availability Test, the QSE representing the Black Start Resource shall send confirmation to ERCOT of its intent to comply with the test or submit a request to reschedule along with justification for the request.

(6) ERCOT shall provide the QSE representing the Black Start Resource two-hour notice in order to allow the QSE time to update its COP. The QSE representing the Black Start Resource shall show the Resource as "ONTEST" in its COP and through its Real-Time telemetry for the duration of the test. As part of the Black Start Resource Availability Test, the QSE representing the Black Start Resource shall start the Black Start Resource and operate it at or above its LSL for at least four consecutive Settlement Intervals. After completion of the Black Start Resource Availability Test the QSE will update its COP to reflect their current status.

(7) Upon completion of the Black Start Resource Availability Test, the QSE representing the Black Start Resource shall complete and file a Black Start Resource Availability Test report with ERCOT. If the Black Start Resource wants to use a successful start and normal operation to satisfy the quarterly reporting requirement, it must provide the necessary information for the start and normal operation on a Black Start Resource Availability Test report. The report form shall be provided by ERCOT.

(8) A Black Start Resource Availability Test is deemed to be successful if the Black Start Resource comes On-Line within the time specified in the Black Start Resource's RFP response submitted to ERCOT and operates at a minimum level as agreed to by ERCOT and the QSE representing the Black Start Resource for at least four consecutive Settlement Intervals.

(9) If the Black Start Resource fails to successfully start during the Black Start Resource Availability Test, the QSE representing the Black Start Resource shall immediately update its Availability Plan for that Black Start Resource showing zero availability. The QSE representing the Black Start Resource shall not receive the Hourly Standby Fee for BSS effective from the date of the failed Black Start Resource Availability Test. The

QSE representing the Black Start Resource may schedule a second Black Start Resource Availability Test, subject to ERCOT approval, to be completed within ten Business Days of the date of the failed Black Start Resource Availability Test unless a later date is agreed to by ERCOT. The cost of the second Black Start Resource test will be borne solely by the QSE representing the Black Start Resource.

(10) If the Black Start Resource successfully passes the second Black Start Resource Availability Test, the QSE representing the Black Start Resource shall resume receipt of the Hourly Standby Fee beginning on the date of the successful Black Start Resource Availability Test.

(11) If the Black Start Resource fails a second Black Start Resource Availability Test within the quarter, it shall immediately be disqualified from providing BSS and shall receive no further compensation under the Black Start Service Agreement. In addition, ERCOT shall claw-back all Hourly Standby Fee payments made to the QSE representing the Black Start Resource since its last successful Black Start Resource Availability Test or its last successful start and operation under normal system conditions, whichever is later. The clawed-back Hourly Standby Fee payments shall be uplifted by ERCOT to Loads on a Load Ratio Share (LRS) basis. ERCOT may, at its sole discretion, consider allowing the Black Start Resource to perform an additional Black Start Resource Availability Test. ERCOT may also, at its sole discretion, seek to procure additional Black Start Resources to replace the disqualified Black Start Resource.

(12) A QSE representing the Black Start Resource shall update its Availability Plan for a Black Start Resource to show zero if the Black Start Resource fails to perform when ERCOT has issued a Dispatch Instruction to come On-Line any time other than for a Blackout. The Black Start Resource shall continue to be shown as unavailable until it successfully starts under normal operations or completes a successful Black Start Resource Availability Test.

(13) If the Black Start Resource fails to perform successfully during an actual Blackout and the Black Start Resource has been declared available, as defined in Section 22, Attachment D, ERCOT shall:

(a) Decertify the Black Start Resource for the remainder of the Black Start Agreement contract term, and

(b) Claw-back 100% of the Hourly Standby Fee paid to the QSE representing the Black Start Resource for all the Operating Days since its last successful Black Start Resource Availability Test or its last successful start and operation under normal system conditions, whichever is later.

8.1.1.3 Ancillary Service Capacity Compliance Criteria

(1) ERCOT shall provide each QSE representing Resources a capacity summary containing as a minimum the same general information required in Section 6.5.7.5, Ancillary Services Capacity Monitor, except specific to only the QSE. The summary shall be

updated with calculations every ten seconds by ERCOT and then provided to the QSE every five minutes using the MIS Certified Area.

(2) ERCOT shall continuously measure the overall performance of each QSE in providing each Ancillary Service by comparing the sum of each of the QSE's Resources' telemetered Ancillary Services Resource Responsibility with the QSE's total Ancillary Service responsibility. If the comparison indicates the QSE is not providing sufficient capacity to meet its Ancillary Services responsibility, ERCOT shall notify the QSE via the MIS Certified Area.

(3) The QSE, within ten minutes of receiving the insufficient capacity notification from ERCOT, the QSE must:

(a) If due to a telemetry issue, correct the telemetered Ancillary Services Resource Responsibility to provide sufficient capacity; or

(b) Must provide both appropriate justification for not satisfying their Ancillary Service Obligation and a plan to correct the shortfall that is acceptable with the ERCOT operator. ERCOT shall report non-compliance of Ancillary Service capacity requirements to the Texas Reliability Entity (Texas RE) for review within 24 hours.

8.1.1.3.1 Regulation Service Capacity Monitoring Criteria

ERCOT shall continuously monitor the capacity of each Resource to provide Reg-Up and Reg-Down. When determining this available capacity, ERCOT shall consider for each Resource with REG status, the actual generation or Load, the Ancillary Service Schedule for Reg-Up and Reg-Down, the HSL, the LSL, ramp rates, any other commitments of Ancillary Service capacity.

8.1.1.3.2 Responsive Reserve Service Capacity Monitoring Criteria

(1) ERCOT shall continuously monitor the capacity of each Resource to provide Responsive Reserve. ERCOT shall consider for each Resource providing Responsive Reserve capacity, the actual generation, or Load, the Ancillary Service Schedule for RRS, the HSL, the LSL, ramp rates, and any other commitments of Ancillary Service capacity.

(2) For Load Resources not deployed by a Dispatch Instruction from ERCOT, the amount of Responsive Reserve capacity provided must be measured as the Load Resource's average Load level in the last five minutes.

(3) A hydro Resource that is capable of providing hydro Responsive Reserve and that has a status code of ONRR is considered to be providing responsive capability to the extent that it is not using that capacity to provide energy.

8.1.1.3.3 Non-Spinning Reserve Capacity Monitoring Criteria

(1) ERCOT shall continuously monitor the capacity of each Resource to provide Non-Spin. ERCOT shall consider for each Resource providing Non-Spin capacity, the actual generation, or Load, the Ancillary Service Schedule for Non-Spin, the HSL, the LSL, ramp rates, and any other commitments of Ancillary Service capacity. ERCOT shall also monitor Non-Spin provided on Resources with OFFNS status.

(2) For Load Resources not affected by a Dispatch Instruction from ERCOT, the amount of Non-Spin capacity provided must be measured as the Load Resource's average Load level during the hour.

[NPRR532: Replace Section 8.1.1.3.3 above with the following upon system implementation:]

8.1.1.3.3 Non-Spinning Reserve Capacity Monitoring Criteria

ERCOT shall continuously monitor the capacity of each Resource to provide Non-Spin. ERCOT shall consider for each Resource providing Non-Spin capacity, the actual generation, or Load, the Ancillary Service Schedule for Non-Spin, the HSL/Maximum Power Consumption (MPC), the LSL/Low Power Consumption (LPC), ramp rates, and any other commitments of Ancillary Service capacity. ERCOT shall also monitor Non-Spin provided on Resources with OFFNS status.

8.1.1.4 Ancillary Service and Energy Deployment Compliance Criteria

ERCOT shall measure the performance of each Resource in providing Ancillary Services and energy in response to Dispatch Instructions according to the requirements in the sections below. Failure to meet these requirements will be reported to the Texas RE as non-compliance.

8.1.1.4.1 Regulation Service and Generation Resource/Controllable Load Resource Energy Deployment Performance

(1) ERCOT shall limit the deployment of Regulation Service of each QSE for each LFC cycle equal to 125% of the total amount of Regulation Service in the ERCOT System divided by the number of control cycles in five minutes.

(2) For those Resources that do not have a Resource Status of ONDSR or ONDSRREG, ERCOT shall compute the GREDP for each Generation Resource that is On-Line and released to SCED Base Point Dispatch Instructions. The GREDP is calculated for each five-minute clock interval as a percentage and in MWs for those Resources with a Resource Status that is not ONDSR or ONDSRREG as follows:

$$\mathbf{GREDP\ (\%) = ABS[((ATG - AEPFR)/(ABP + ARI)) - 1.0] * 100}$$

GREDP (MW) = ABS(ATG – AEPFR – ABP - ARI)

Where:

ATG = Average Telemetered Generation = the average telemetered generation of the Generation Resource for the five-minute clock interval

ARI = Average Regulation Instruction = the amount of regulation that the Generation Resource should have produced based on the LFC deployment signals, calculated by LFC, during each five-minute clock interval

Δfrequency is actual frequency minus 60 Hz

EPFR = Estimated Primary Frequency Response (MW) = if $|\Delta\text{frequency}| \leq$ Governor Dead-Band then EPFR = zero, if not then if Δfrequency > zero, EPFR = (Δfrequency - Governor Dead-Band)/((droop value * 60) – Governor Dead-Band) * HSL * -1, if not then if Δfrequency < zero, EPFR = (Δfrequency + Governor Dead-Band)/((droop value * 60) – Governor Dead-Band) * HSL * -1

AEPFR = Average Estimated Primary Frequency Response = the Estimated Primary Frequency Response (MW) will be calculated every four seconds using a Resource specific droop value where 5% droop = 0.05 the Governor Dead-Band (Hz) and Resource HSL (MW) provided by the Resource Entity, and the frequency deviation (Hz) from 60 Hz and averaged for the five-minute clock interval

ABP = Average Base Point = the time-weighted average of a linearly ramped Base Point for the five-minute clock interval. The linearly ramped Base Point is calculated every four seconds such that it ramps from its initial value to the SCED Base Point over a five-minute period. The initial value of the linearly ramped Base Point will be the four second value of the previous linearly ramped Base Point at the time the new SCED Base Point is received into the ERCOT Energy Management System (EMS). In the event that the SCED Base Point is received after the five minute ramp period, the linearly ramped Base Point will continue at a constant value equal to the ending four second value of the five-minute ramp.

[NPRR425: Replace paragraph (2) above with the following upon system implementation:]

(2) For those Resources that do not have a Resource Status of ONDSR or ONDSRREG or Wind-powered Generation Resource (WGR) Groups with no member WGR having a status of ONDSR or ONDSRREG, ERCOT shall compute the GREDP for each Generation Resource that is On-Line and released to SCED Base Point Dispatch Instructions. The GREDP is calculated for each five-minute clock interval as a percentage and in MWs for those Resources with a Resource Status that is not ONDSR or ONDSRREG as follows:

GREDP (%) = ABS[((ATG – AEPFR)/(ABP + ARI)) – 1.0] * 100

GREDP (MW) = ABS(ATG – AEPFR – ABP - ARI)

Where:

ATG = Average Telemetered Generation = the average telemetered generation of the Generation Resource or for the aggregate of the WGRs within a WGR Group for the five-minute clock interval

ARI = Average Regulation Instruction = the amount of regulation that the Generation Resource or WGR Group should have produced based on the LFC deployment signals, calculated by LFC, during each five-minute clock interval

Δfrequency is actual frequency minus 60 Hz

EPFR = Estimated Primary Frequency Response (MW) = if $|\Delta\text{frequency}| \leq$ Governor Dead-Band then EPFR = zero, if not then if Δfrequency > zero, EPFR = (Δfrequency - Governor Dead-Band)/((droop value * 60) – Governor Dead-Band) * HSL * -1, if not then if Δfrequency < zero, EPFR = (Δfrequency + Governor Dead-Band)/((droop value * 60) – Governor Dead-Band) * HSL * -1

AEPFR = Average Estimated Primary Frequency Response = the Estimated Primary Frequency Response (MW) will be calculated every four seconds using a Resource specific droop value where 5% droop = 0.05 the Governor Dead-Band (Hz) and Resource HSL (MW) provided by the Resource Entity, and the frequency deviation (Hz) from 60 Hz and averaged for the five-minute clock interval. The Resource-specific calculations will be aggregated for WGR Groups.

ABP = Average Base Point = the time-weighted average of a linearly ramped Base Point or sum of Base Points for WGR Groups, for the five-minute clock interval. The linearly ramped Base Point is calculated every four seconds such that it ramps from its initial value to the SCED Base Point over a five-minute period. The initial value of the linearly ramped Base Point will be the four second value of the previous linearly ramped Base Point at the time the new SCED Base Point is received into the ERCOT Energy Management System (EMS). In the event that the SCED Base Point is received after the five minute ramp period, the linearly ramped Base Point will continue at a constant value equal to the ending four second value of the five-minute ramp.

(3) For all of a QSE's Resources that have a Resource Status of ONDSR or ONDSRREG ("Dynamically Scheduled Resource (DSR) Portfolio"), ERCOT shall calculate an aggregate GREDP as a percentage and in MWs for those Resources as follows:

GREDP (%) = ABS[($\sum_{DSR}$ ATG – $\sum_{DSR}$ DBPOS + Intra-QSE Purchase – Intra-QSE Sale – ARRDDSRLR – ANSDDSRLR – $\sum_{DSR}$ AEPFR) / (ATDSRL + $\sum_{DSR}$ ARI) – 1.0] * 100

GREDP (MW) = ABS($\sum_{DSR}$ ATG – $\sum_{DSR}$ DBPOS – ATDSRL– ARRDDSRLR – ANSDDSRLR + Intra-QSE Purchase - Intra-QSE Sale – $\sum_{DSR}$ AEPFR – $\sum_{DSR}$ ARI)

Where:

$\sum_{DSR}$ ATG = Sum of Average Telemetered Generation for all Resources with a Resource Status of ONDSR or ONDSRREG of the QSE for the five-minute clock interval

$\sum_{DSR}$ ARI = Sum of Average Regulation Instruction for all Resources with a Resource Status of ONDSR or ONDSRREG of the QSE for the five-minute clock interval

ATDSRL = Average Telemetered DSR Load = the average telemetered DSR Load for the QSE for the five-minute clock interval

Intra-QSE Purchase = Energy Trade where the QSE is both the buyer and seller with the flag set to “Purchase”

Intra-QSE Sale = Energy Trade where the QSE is both the buyer and seller with the flag set to “Sale”

$\sum_{DSR}$ AEPFR = Sum of Average Estimated Primary Frequency Response for all Resources with a Resource Status of ONDSR or ONDSRREG of the QSE for the five-minute clock interval

$\sum_{DSR}$ DBPOS = Sum of the difference between a linearly ramped Base Point minus Output Schedule for all Resources with a Resource Status of ONDSR or ONDSRREG of the QSE for the five-minute clock interval. The linearly ramped Base Point is calculated every four seconds such that it ramps from its initial value to the SCED Base point over a five minute period

ARRDDSRLR = Average Responsive Reserve Deployment DSR Load Resource = the average RRS energy deployment for the five-minute clock interval from Load Resources that are part of the DSR Load

ANSDDSRLR = Average Non-Spin Deployment DSR Load Resource = the average Non-Spin energy deployment for the five-minute clock interval from Load Resources that are part of the DSR Load

(4) For Controllable Load Resources that have a Resource Status of ONRGL or ONRRCLR, ERCOT shall compute the CLREDP. The CLREDP will be calculated both as a percentage and in MWs as follows:

CLREDP (%) = ABS[((ATPC + AEPFR)/(ASPC – ANSD – ARRD – ARI)) – 1.0] * 100

CLREDP (MW) = ABS(ATPC – (ASPC – AEPFR – ANSD – ARRD – ARI))

Where:

ATPC = Average Telemetered Power Consumption = the average telemetered power consumption of the Controllable Load Resource for the five-minute clock interval

ARI = Average Regulation Instruction = the amount of regulation that the Controllable Load Resource should have produced based on the LFC deployment signals, calculated by LFC, during each five-minute clock interval. Reg-Up is considered a positive value for this calculation

AEPFR = Average Estimated Primary Frequency Response = the Estimated Primary Frequency Response (MW) will be calculated every four seconds using a Resource specific droop value where 5% droop = 0.05, the Governor Dead-Band (Hz) and Resource HSL (MW) provided by the Resource Entity, and the frequency deviation (Hz) from 60 Hz and averaged for the five-minute clock interval

ASPC = Average Scheduled Power Consumption = the Scheduled Power Consumption that represents zero Ancillary Service deployments averaged for the five-minute clock interval

ANSD = Average Non-Spin Deployed = the average Non-Spin Service deployment for the Controllable Load Resource averaged for the five-minute clock interval. The Non-Spin Service deployment is calculated by subtracting the telemetered Resource Non-Spin schedule from the telemetered Resource Non-Spin responsibility

ARRD = Average Responsive Reserve Deployed = the average RRS deployment for the Controllable Load Resource averaged for the five-minute clock interval. The RRS deployment is calculated by subtracting the telemetered Resource RRS schedule from the telemetered Resource RRS responsibility

[NPRR555: Replace paragraph (4) above with the following upon system implementation:]

(4) For Controllable Load Resources that have a Resource Status of ONRGL or ONCLR, ERCOT shall compute the CLREDP. The CLREDP will be calculated both as a percentage and in MWs as follows:

CLREDP (%) = ABS[((ATPC + AEPFR)/(APB – ARI)) – 1.0] * 100

CLREDP (MW) = ABS(ATPC – (ABP – AEPFR – ARI))

Where:

ATPC = Average Telemetered Power Consumption = the average telemetered power consumption of the Controllable Load Resource for the five-minute clock interval

ARI = Average Regulation Instruction = the amount of regulation that the Controllable Load Resource should have produced based on the LFC deployment signals, calculated by LFC, during each five-minute clock interval. Reg-Up is considered a positive value for this calculation

AEPFR = Average Estimated Primary Frequency Response = the Estimated Primary Frequency Response (MW) will be calculated every four seconds using a Resource specific droop value where 5% droop = 0.05, the Governor Dead-Band (Hz) and Resource HSL (MW) provided by the Resource Entity, and the frequency deviation (Hz) from 60 Hz and averaged for the five-minute clock interval

ABP = Average Base Point = the time-weighted average of a linearly ramped Base Point for the five-minute clock interval. The linearly ramped Base Point is calculated every four seconds such that it ramps from its initial value to the SCED Base Point over a five-minute period. The initial value of the linearly ramped Base Point will be the four second value of the previous linearly ramped Base Point at the time the new SCED Base Point is received into the ERCOT EMS. In the event that the SCED Base Point is received after the five minute ramp period, the linearly ramped Base Point will continue at a constant value equal to the ending four second value of the five-minute ramp.

(5) ERCOT shall post to the MIS Certified Area for each QSE and for all Generation Resources that are not part of a DSR Portfolio, for the DSR Portfolios, and for all Controllable Load Resources:

(a) The percentage of the monthly five-minute clock intervals during which the Generation Resource was On-Line and released to SCED Base Point Dispatch Instructions;

(b) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONRRCLR;

(c) The percentage of the monthly five-minute clock intervals during which the Generation Resource or Controllable Load Resource was providing Regulation Service;

(d) The percentage of the monthly five-minute clock intervals during which the Resource or the DSR Portfolio was released to SCED that the GREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Resource or the DSR Portfolio was released to SCED that the GREDP was less than 2.5 MW;

(e) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONRRCLR that the CLREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONRRCLR that the CLREDP was less than 2.5 MW;

(f) The percentage of the monthly five-minute clock intervals during which the Resource or the DSR Portfolio was released to SCED that the GREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Resource or the DSR Portfolio was released to SCED that the GREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(g) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONRRCLR that the CLREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONRRCLR that the CLREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(h) The percentage of the monthly five-minute clock intervals during which the Resource or the DSR Portfolio was released to SCED that the GREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Resource or the DSR Portfolio was released to SCED that the GREDP was greater than 5.0 MW;

(i) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONRRCLR that the CLREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource

had a Resource Status of either ONRGL or ONRRCLR that the CLREDP was greater than 5.0 MW;

(j) The percentage of the monthly five-minute clock intervals during which the Generation Resource or the DSR Portfolio was providing Regulation Service that the GREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Generation Resource or the DSR Portfolio was providing Regulation Service that the GREDP was less than 2.5 MW;

(k) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was less than 2.5 MW;

(l) The percentage of the monthly five-minute clock intervals during which the Generation Resource or the DSR Portfolio was providing Regulation Service that the GREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Generation Resource or the DSR Portfolio was providing Regulation Service that the GREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(m) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(n) The percent of the monthly five-minute clock intervals during which the Generation Resource or the DSR Portfolio was providing Regulation Service that the GREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Generation Resource or the DSR Portfolio was providing Regulation Service that the GREDP was greater than 5.0 MW; and

(o) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was greater than 5.0 MW.

[NPRR425 & NPRR555: Replace applicable portions of paragraph (5) above with the following upon system implementation:]

(5) ERCOT shall post to the MIS Certified Area for each QSE and for all Generation Resources or WGR Groups that are not part of a DSR Portfolio, for the DSR Portfolios,

and for all Controllable Load Resources:

(a) The percentage of the monthly five-minute clock intervals during which the Generation Resource or WGR Group was On-Line and released to SCED Base Point Dispatch Instructions;

(b) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR;

(c) The percentage of the monthly five-minute clock intervals during which the Generation Resource, WGR Group or Controllable Load Resource was providing Regulation Service;

(d) The percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was released to SCED that the GREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was released to SCED that the GREDP was less than 2.5 MW;

(e) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR that the CLREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR that the CLREDP was less than 2.5 MW;

(f) The percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was released to SCED that the GREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was released to SCED that the GREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(g) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR that the CLREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR that the CLREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(h) The percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was released to SCED that the GREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR

Group, or the DSR Portfolio was released to SCED that the GREDP was greater than 5.0 MW;

(i) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR that the CLREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource had a Resource Status of either ONRGL or ONCLR that the CLREDP was greater than 5.0 MW;

(j) The percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was providing Regulation Service that the GREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was providing Regulation Service that the GREDP was less than 2.5 MW;

(k) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was less than 2.5% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was less than 2.5 MW;

(l) The percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was providing Regulation Service that the GREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was providing Regulation Service that the GREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(m) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was equal to or greater than 2.5% and equal to or less than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was equal to or greater than 2.5 MW and equal to or less than 5.0 MW;

(n) The percent of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was providing Regulation Service that the GREDP was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Generation Resource, the WGR Group, or the DSR Portfolio was providing Regulation Service that the GREDP was greater than 5.0 MW; and

(o) The percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP

was greater than 5.0% and the percentage of the monthly five-minute clock intervals during which the Controllable Load Resource was providing Regulation Service that the CLREDP was greater than 5.0 MW.

(6) ERCOT shall calculate the GREDP/CLREDP under normal operating conditions. ERCOT shall not consider five-minute clock intervals during which any of the following events has occurred:

(a) The five-minute intervals within the 20-minute period following an event in which ERCOT has experienced a Forced Outage causing an ERCOT frequency deviation of greater than 0.05 Hz;

(b) Five-minute clock intervals in which ERCOT has issued Emergency Base Points to the QSE;

(c) The five-minute clock interval following the Forced Outage of any Resource within the QSE's DSR Portfolio that has a Resource Status of ONDSR or ONDSRREG;

(d) The five-minute clock intervals following a documented Forced Derate or Startup Loading Failure of a Generation Resource. Upon request of the reliability monitor, the QSE shall provide the following documentation regarding each Forced Derate or Startup Loading Failure:

(i) Its generation log documenting the Forced Outage, Forced Derate or Startup Loading Failure;

(ii) QSE (COP) for the intervals prior to, and after the event; and

(iii) Equipment failure documentation which may include, but not be limited to, Generation Availability Data System (GADS) reports, plant operator logs, work orders, or other applicable information;

(e) The five-minute clock intervals where the telemetered Resource Status is set to ONTEST such as intervals during Ancillary Service Qualification and Testing as outlined in Section 8.1.1.1, Ancillary Service Qualification and Testing, or the five-minute clock intervals during General Capacity Testing Requirements as outlined in Section 8.1.1.2, General Capacity Testing Requirements;

(f) The five-minute clock intervals where the telemetered Resource Status is set to STARTUP;

(g) The five-minute clock intervals where a Generation Resource's ABP is below the average telemetered LSL; and

(h) Certain other periods of abnormal operations as determined by ERCOT in its sole discretion.

[NPRR555: Insert paragraph (6)(i) below upon system implementation:]

(i) For a Controllable Load Resource, the five-minute clock intervals in which the computed Base Points are equal to the snapshot of its telemetered power consumption.

[NPRR256 & NPRR425: Replace applicable portions of paragraph (6) above with the following upon system implementation:]

(6) ERCOT shall calculate the GREDP/CLREDP under normal operating conditions. ERCOT shall not consider five-minute clock intervals during which any of the following events has occurred:

(a) The five-minute intervals within the 20-minute period following an event in which ERCOT has experienced a Forced Outage causing an ERCOT frequency deviation of greater than 0.05 Hz;

(b) Five-minute clock intervals in which ERCOT has issued Emergency Base Points to the QSE;

(c) The five-minute clock intervals following the Forced Outage of any Resource within the QSE's DSR Portfolio that has a Resource Status of ONDSR or ONDSRREG continuing until the start of the next Operating Hour for which the QSE is able to adjust. If the Forced Outage of the Resource occurs within ten minutes of the start of the next Operating Hour, then ERCOT shall not consider any of the five-minute intervals between the time of the Forced Outage and continuing until the start of the second Operating Hour for which the QSE is able to adjust;

(d) The five-minute clock intervals following a documented Forced Derate or Startup Loading Failure of a Generation Resource or any member WGR of a WGR Group. Upon request of the reliability monitor, the QSE shall provide the following documentation regarding each Forced Derate or Startup Loading Failure:

(i) Its generation log documenting the Forced Outage, Forced Derate or Startup Loading Failure;

(ii) QSE (COP) for the intervals prior to, and after the event; and

(iii) Equipment failure documentation which may include, but not be limited to, Generation Availability Data System (GADS) reports, plant operator logs, work orders, or other applicable information;

(e) The five-minute clock intervals where the telemetered Resource Status is set to

ONTEST such as intervals during Ancillary Service Qualification and Testing as outlined in Section 8.1.1.1, Ancillary Service Qualification and Testing, or the five-minute clock intervals during General Capacity Testing Requirements as outlined in Section 8.1.1.2, General Capacity Testing Requirements;

(f) The five-minute clock intervals where the telemetered Resource Status is set to STARTUP;

(g) The five-minute clock intervals where a Generation Resource's ABP is below the average telemetered LSL; and

(h) Certain other periods of abnormal operations as determined by ERCOT in its sole discretion.

(7) All Generation Resources that are not part of a DSR Portfolio, excluding IRRs, and all DSR Portfolios shall meet the following GREDP criteria for each month. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

A Generation Resource or DSR Portfolio, excluding an IRR, must have a GREDP less than the greater of X% or Y MW for 85% of the five-minute clock intervals in the month during which GREDP was calculated.

If at the end of the month during which GREDP was calculated a DSR Portfolio has a GREDP less than X% or Y MW for 85% of the five-minute clock intervals, the reliability monitor shall, at the request of the QSE with the DSR Portfolio, recalculate GREDP excluding the five-minute clock intervals following the Forced Outage of any Resource within the QSE's DSR Portfolio that has a Resource Status of ONDSR or ONDSRREG continuing until the start of the next Operating Hour for which the QSE is able to adjust. If the Forced Outage of the Resource occurs within ten minutes of the start of the next Operating Hour, then the reliability monitor shall not consider any of the five-minute intervals between the time of the Forced Outage and continuing until the start of the second Operating Hour for which the QSE is able to adjust. The requesting QSE shall provide to the reliability monitor information validating the Forced Outage including the time of the occurrence of the Forced Outage and documentation of the last submitted COP status prior to the Forced Outage of the Resource for the intervals in dispute.

Additionally, all Generation Resource that are not part of a DSR Portfolio, excluding IRRs, and all DSR Portfolios will also be measured for performance specifically during intervals in which ERCOT has declared EEA Level 1 or greater. These Resources must meet the following GREDP criteria for the time window that includes all five-minute clock intervals during which EEA was declared. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

A Generation Resource or DSR Portfolio, excluding an IRR, must have a GREDP less than the greater of X% or Y MW. A Generation Resource or DSR Portfolio

cannot fail this criteria more than three five-minute clock intervals during which EEA was declared and GREDP was calculated. The performance will be measured separately for each instance in which ERCOT has declared EEA.

[NPRR256: Replace paragraph (7) above with the following upon system implementation:]

(7) All Generation Resources that are not part of a DSR Portfolio, excluding IRRs, and all DSR Portfolios shall meet the following GREDP criteria for each month. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

A Generation Resource or DSR Portfolio, excluding an IRR, must have a GREDP less than the greater of X% or Y MW for 85% of the five-minute clock intervals in the month during which GREDP was calculated.

Additionally, all Generation Resource that are not part of a DSR Portfolio, excluding IRRs, and all DSR Portfolios will also be measured for performance specifically during intervals in which ERCOT has declared EEA Level 1 or greater. These Resources must meet the following GREDP criteria for the time window that includes all five-minute clock intervals during which EEA was declared. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

A Generation Resource or DSR Portfolio, excluding an IRR, must have a GREDP less than the greater of X% or Y MW. A Generation Resource or DSR Portfolio cannot fail this criteria more than three five-minute clock intervals during which EEA was declared and GREDP was calculated. The performance will be measured separately for each instance in which ERCOT has declared EEA.

(8) All IRRs shall meet the following GREDP criteria for each month. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

An IRR must have a GREDP less than Z% or the ATG must be less than the expected MW output for 95% of the five-minute clock intervals in the month when the Resource received a Base Point Dispatch Instruction in which the Base Point was two MW or more below the IRR's HSL used by SCED. The expected MW output includes the Resource's Base Point, Regulation Service instructions, and any expected Primary Frequency Response.

Additionally, all IRRs will also be measured for performance specifically during intervals in which ERCOT has declared EEA Level 1 or greater. These Resources must meet the following GREDP criteria for the time window that includes all five-minute clock intervals during which EEA was declared. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

An IRR must have a GREDP less than Z% or the ATG must be less than the expected MW output. An IRR cannot fail this criteria more than three five-minute clock intervals during which EEA was declared and the Resource received a Base Point Dispatch Instruction in which the Base Point was two MW or more

below the IRR's HSL used by SCED. The performance will be measured separately for each instance in which ERCOT has declared EEA.

[NPRR425: Replace paragraph (8) above with the following upon system implementation:]

(8) All IRRs and WGR Groups shall meet the following GREDP criteria for each month. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

An IRR or WGR Group must have a GREDP less than Z% or the ATG must be less than the expected MW output for 95% of the five-minute clock intervals in the month when the Resource or a member WGR of a WGR Group received a Base Point Dispatch Instruction in which the Base Point was two MW or more below the IRR's HSL used by SCED. The expected MW output includes the Resource's Base Point, Regulation Service instructions, and any expected Primary Frequency Response.

Additionally, all IRRs and WGR Groups will also be measured for performance specifically during intervals in which ERCOT has declared EEA Level 1 or greater. These Resources and WGR Groups must meet the following GREDP criteria for the time window that includes all five-minute clock intervals during which EEA was declared. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

An IRR or WGR Group must have a GREDP less than Z% or the ATG must be less than the expected MW output. An IRR or WGR Group cannot fail this criteria more than three five-minute clock intervals during which EEA was declared and the Resource or a member of a WGR Group received a Base Point Dispatch Instruction in which the Base Point was two MW or more below the IRR's HSL used by SCED. The performance will be measured separately for each instance in which ERCOT has declared EEA.

(9) All Controllable Load Resources shall meet the following CLREDP criteria each month. ERCOT will report non-compliance of the following performance criteria to the reliability monitor:

A Controllable Load Resource must have a CLREDP less than the greater of X% or Y MW for 85% of the five-minute clock intervals in the month during which CLREDP was calculated.

Additionally, all Controllable Load Resources will also be measured for performance specifically during intervals in which ERCOT has declared EEA Level 1 or greater. These Resources must meet the following CLREDP criteria for the time window that includes all five-minute clock intervals during which EEA was declared. ERCOT will report non-compliance of the following Performance criteria to the reliability monitor:

A Controllable Load Resource must have a CLREDP less than the greater of X% or Y MW. A Controllable Load Resource cannot fail this criteria more than three five-minute clock intervals during which EEA was declared and CLREDP was calculated. The performance will be measured separately for each instance in which ERCOT has declared EEA.

For Controllable Load Resources which are providing RRS or Non-Spin, the following intervals will be excluded from these calculations:

(a) Five-minute clock intervals which begin ten minutes or less after a deployment of RRS was deployed to the Resource;

(b) Five-minute clock intervals which begin ten minutes or less after a recall of RRS when the Resource was deployed for RRS;

(c) Five-minute clock intervals which begin 30 minutes or less after a deployment of Non-Spin was deployed to the Resource; and

(d) Five-minute clock intervals which begin 30 minutes or less after a recall of Non-Spin when the Resource was deployed for Non-Spin.

(10) The GREDP/CLREDP performance criteria in paragraphs (7) through (9) above shall be reviewed and set by the TAC two months before the Texas Nodal Market Implementation Date. The performance criteria will be subject to review by TAC beginning two months after the Texas Nodal Market Implementation Date and as deemed necessary. The GREDP/CLREDP performance criteria variables X, Y, and Z shall be posted to the MIS Public Area no later than three Business Days after TAC approval.

[NPRR555: Replace paragraph (10) above with the following upon system implementation:]

(10) The GREDP/CLREDP performance criteria in paragraphs (7) through (9) above shall be subject to review and approval by TAC. The GREDP/CLREDP performance criteria variables X, Y, and Z shall be posted to the MIS Public Area no later than three Business Days after TAC approval.

(11) If at the end of the month during which GREDP was calculated, a non-DSR Resource or a QSE with DSR Resources, has a GREDP less than X% or Y MW for 85% of the five-minute clock intervals, the reliability monitor shall, at the request of the QSE, recalculate GREDP excluding the five-minute clock intervals when a Resource is deployed above the unit's ramp rate due to ramp rate sharing between energy and Regulation Service, as described in Section 6.5.7.2, Resource Limit Calculator. The requesting QSE shall provide to the reliability monitor information validating the ramp rate violation for the intervals in dispute.

8.1.1.4.2 Responsive Reserve Service Energy Deployment Criteria

(1) Each QSE providing RRS shall so indicate by appropriate entries in the Resource's Ancillary Service Schedule and the Ancillary Service Resource Responsibility providing that service. ERCOT shall adjust the Generation Resource's Base Point for any requested RRS energy in the next cycle of SCED as specified in Section 6.5.7.6.2.2, Deployment of Responsive Reserve Service. For Controllable Load Resources, the QSE shall control its Resources to operate to the Resource's Scheduled Power Consumption minus any Ancillary Service deployments. Control performance during periods in which ERCOT has deployed RRS shall be based on the requirements below and failure to meet any one of these requirements shall be reported to Texas RE as non-compliance:

(a) Within one minute following a deployment instruction, the QSE must update the telemetered Ancillary Service Schedule for RRS for Generation Resources and Load Resources to reflect the deployment amount. The difference between the sum of the QSE's Resource RRS schedules and the sum of the QSE's Resource RRS responsibilities must be equal to the QSE's total RRS deployment instruction, excluding the deployment to Load Resources which are not Controllable Load Resources.

(b) For QSEs with Load Resources, excluding Controllable Load Resources, ten minutes following deployment instruction, the sum of the QSE's Load Resource response shall not be less than 95%, nor more than 150% of the requested MW deployment and be maintained until recalled or the Resource's obligation to provide RRS expires.

(c) For Load Resources, excluding Controllable Load Resources, associated with a QSE that does not successfully deploy as defined under this Section, ERCOT shall evaluate, identify and investigate each Load Resource that contributed to such failure, in order to determine failure under paragraph (9) of Section 8.1.1.1, Ancillary Service Qualification and Testing.

(d) A Load Resource providing RRS excluding Controllable Load Resources must return to at least 95% of its Ancillary Service Resource Responsibility for RRS within three hours following a recall instruction unless replaced by another Resource as described below. However, the Load Resource should attempt to return to at least 95% of its Ancillary Service Resource Responsibility for RRS as soon as practical considering process constraints. For a Load Resource that is not a Controllable Load Resource that is unable to return to its Ancillary Service Resource Responsibility within three hours of recall instruction, its QSE may replace the quantity of deficient RRS capacity within that same three hours using other Generation Resources or other Load Resources not previously committed to provide RRS.

(e) During periods when the Load level of a Load Resource (excluding Controllable Load Resources) has been affected by a Dispatch Instruction from ERCOT, the performance of a Load Resource in response to a Dispatch Instruction must be

determined by subtracting the Load Resource's actual Load response from its Baseline. "Baseline" capacity is calculated by measuring the average of the real power consumption for five minutes before the Dispatch Instruction if the Load level of a Load Resource had not been affected by a Dispatch Instruction from ERCOT. The actual Load response is the average of the real power consumption data being telemetered to ERCOT during the Settlement Interval indicated in the Dispatch Instruction.

(2) For all Measurable Events, ERCOT shall use the recorded data for each two-second scan rate value of real power output for each Generation Resource, Controllable Load Resource. ERCOT shall use the recorded MW data beginning one minute before the start of the frequency excursion event until ten minutes after the start of the frequency excursion event. Satisfactory performance must be measured by comparing actual Primary Frequency Response to the expected Primary Frequency Response as required in the Operating Guides.

(3) ERCOT shall monitor the Primary Frequency Response that is delivered during Measurable Events of Generation Resources and Controllable Load Resources, relay response for Loads and hydro RRS at the frequency specified in paragraph (3)(b) of Section 3.18, Resource Limits in Providing Ancillary Service. Primary Frequency Response performance must be analyzed by TAC and a performance metric must be provided in the Operating Guides.

8.1.1.4.3 Non-Spinning Reserve Service Energy Deployment Criteria

(1) ERCOT shall, as part of its Ancillary Service deployment procedure under Section 6.5.7.6.2.3, Non-Spinning Reserve Service Deployment, include all performance metrics for a Resource receiving a Non-Spin recall instruction from ERCOT.

(2) A Non-Spin Dispatch Instruction from ERCOT must respect the minimum runtime of a Generation Resource. After the recall of a Non-Spin Dispatch Instruction, any Generation Resource previously Off-Line providing Non-Spin is allowed to remain On-Line for 30 minutes following the recall. During that time period, the On-Line Generation Resource is treated as if the Non-Spin is being provided.

(3) Control performance during periods in which ERCOT has deployed Non-Spin shall be based on the requirements below and failure to meet any one of these requirements for the greater of one or 5% of Non-Spin deployments during a month shall be reported to Texas RE as non-compliance:

(a) Within 20 minutes following a deployment instruction, the QSE must update the telemetered Ancillary Service Schedule for Non-Spin for Generation Resources and Load Resources to reflect the deployment amount.

(b) Off-Line Generation Resources, within 25 minutes following a deployment instruction, must be On-Line with an Energy Offer Curve and the telemetered net generation must be greater than or equal to the Resource's telemetered LSL

multiplied by P1 where P1 is defined in the "ERCOT and QSE Operations Business Practices During the Operating Hour." The Resource Status that must be telemetered indicating that the Resource has come On-Line with an Energy Offer Curve is ON as described in paragraph (5)(b)(i) of Section 3.9.1, Current Operating Plan (COP) Criteria.

(c) If an Off-Line Generation Resource experiences a Startup Loading Failure (excluding those caused by operator error), the Resource may be considered for exclusion from performance non-compliance if the QSE provides to ERCOT the following documentation regarding the incident:

(i) Its generation log documenting the Startup Loading Failure; and

(ii) Equipment failure documentation such as, but not limited to, GADS reports, plant operator logs, work orders, or other applicable information.

(d) For Load Resources, excluding Controllable Load Resources, 30 minutes following a deployment instruction, the Load Resource response must not be less than 95%, nor more than 150% of the requested MW deployment and be maintained until recalled or the Resource obligation to provide Non-Spin expires.

(e) A Load Resource providing Non-Spin excluding Controllable Load Resources must return to at least 95% of its committed obligation for Non-Spin no more than three hours following a recall instruction from ERCOT. Each Load Resource that is not a Controllable Load Resource and unable to return within three hours to its committed obligation for Non-Spin or pre-deployment capability that was specified in the COP at the time of the deployment, may be replaced by the QSE providing Non-Spin on other Generation Resources or other Load Resources not previously committed.

(f) During periods when the MW Load level of a Load Resource (excluding Controllable Load Resources) has been affected by a Dispatch Instruction from ERCOT, the performance of a Load Resource in response to a Dispatch Instruction will be determined by subtracting the Load Resource's actual Load response from its Baseline. Baseline capacity is calculated by measuring the average of the real power consumption for five minutes before the Dispatch Instruction if the Load level of the Resource had not been affected by a Dispatch Instruction from ERCOT. The actual Load response is the average of the real power consumption data being telemetered to ERCOT during the Settlement Interval indicated in the Dispatch Instruction.

[NPRR532: Replace paragraph Section 8.1.1.4.3 above with the following upon system implementation:]

8.1.1.4.3 Non-Spinning Reserve Service Energy Deployment Criteria and Performance

(1) ERCOT shall, as part of its Ancillary Service deployment procedure under Section 6.5.7.6.2.3, Non-Spinning Reserve Service Deployment, include all performance metrics for a Resource receiving a Non-Spin recall instruction from ERCOT.

(2) A Non-Spin Dispatch Instruction from ERCOT must respect the minimum runtime of a Generation Resource. After the recall of a Non-Spin Dispatch Instruction, any Generation Resource previously Off-Line providing Non-Spin is allowed to remain On-Line for 30 minutes following the recall. During that time period, the On-Line Generation Resource is treated as if the Non-Spin is being provided.

(3) Control performance during periods in which ERCOT has deployed Non-Spin shall be based on the requirements below and failure to meet any one of these requirements for the greater of one or 5% of Non-Spin deployments during a month shall be reported to Texas RE as non-compliance:

(a) Within 20 minutes following a deployment instruction, the QSE must update the telemetered Ancillary Service Schedule for Non-Spin for Generation Resources and Load Resources to reflect the deployment amount.

(b) Off-Line Generation Resources, within 25 minutes following a deployment instruction, must be On-Line with an Energy Offer Curve and the telemetered net generation must be greater than or equal to the Resource's telemetered LSL multiplied by P1 where P1 is defined in the "ERCOT and QSE Operations Business Practices During the Operating Hour." The Resource Status that must be telemetered indicating that the Resource has come On-Line with an Energy Offer Curve is ON as described in paragraph (5)(b)(i) of Section 3.9.1, Current Operating Plan (COP) Criteria.

(c) If an Off-Line Generation Resource experiences a Startup Loading Failure (excluding those caused by operator error), the Resource may be considered for exclusion from performance non-compliance if the QSE provides to ERCOT the following documentation regarding the incident:

(i) Its generation log documenting the Startup Loading Failure; and

(ii) Equipment failure documentation such as, but not limited to, GADS reports, plant operator logs, work orders, or other applicable information.

(d) For Load Resources, excluding Controllable Load Resources, 30 minutes following a deployment instruction, the Demand response value, as described in paragraph (f) below, must not be less than 95%, nor more than 150% of the requested MW deployment and be maintained until recalled or the Resource obligation to provide Non-Spin expires.

(e) A Load Resource providing Non-Spin excluding Controllable Load Resources must return to at least 95% of its committed obligation for Non-Spin no more than three hours following a recall instruction from ERCOT. Each Load Resource that is not a Controllable Load Resource and unable to return within three hours to its

committed obligation for Non-Spin or pre-deployment capability that was specified in the COP at the time of the deployment, may be replaced by the QSE providing Non-Spin on other Generation Resources or other Load Resources not previously committed.

(f) ERCOT shall calculate a Load Resource's Demand response value based on the performance evaluation methodology selected by the QSE. If qualified by ERCOT pursuant to paragraph (6)(d) of Section 8.1.1.2.1.3, Non-Spinning Reserve Qualification, the QSE representing the Load Resource may select one of the following performance evaluation methodologies:

(i) "Meter Before/Meter After": The "meter before" value is calculated by measuring the average of the Load Resource's telemetered net real power consumption for the five-minute period preceding the Dispatch Instruction. The "meter after" value is calculated as the average of the telemetered net real power consumption throughout the Sustained Response Period, which commences 30 minutes after the time of the Dispatch Instruction and ends at the time of recall. The Demand response value for a Load Resource in a Non-Spin deployment event is calculated as the "meter after" value subtracted from the "meter before" value across the Sustained Response Period.

(ii) "Baseline": A baseline value is calculated by ERCOT using the telemetered values for Scheduled Power Consumption Plus Two Hours as described in paragraph (5)(m) of Section 6.5.5.2, Operational Data Requirements, throughout the Sustained Response Period, which commences 30 minutes after the time of the Dispatch Instruction and ends at the time of recall. The Load Resource's actual Load is calculated as the telemetered net real power consumption throughout the Sustained Response Period. The Demand response value is calculated as the actual Load subtracted from the baseline value across the Sustained Response Period.

(4) For Load Resources providing Non-Spin, excluding Controllable Load Resources, that have a Resource Status of ONRL and have been deployed by ERCOT, ERCOT shall compute the LRNEDP. The LRNEDP will be calculated only when the Real-Time Locational Marginal Price (LMP) at the Load Resource is greater than the price floors established in paragraph (a)(ii) of Section 6.4.3.2, Energy Offer Curve for Non-Spinning Reserve Capacity. The LRNEDP will be calculated both as a percentage and in MWs as follows:

LRNEDP (%) = ABS[ATPC/(ASPC2 – ANSD) – 1.0] * 100

LRNEDP (MW) = ABS(ATPC – (ASPC2– ANSD))

Where:

ATPC = Average Telemetered Power Consumption = the average telemetered power consumption of the Load Resource for the five-minute clock interval

ASPC2 = Average Scheduled Power Consumption Plus Two = the Scheduled Power Consumption Plus Two, as projected two hours earlier (as described in paragraph (5)(m) of Section 6.5.5.2), that represents the QSE's projection of the Load Resource's power consumption assuming zero Non-Spin Service deployments averaged for the five-minute clock interval

ANSD = Average Non-Spin Deployed = the average Non-Spin Service deployment for the Load Resource averaged for the five-minute clock interval. The Non-Spin Service deployment is calculated by subtracting the telemetered Resource Non-Spin schedule from the telemetered Resource Non-Spin responsibility

(5) All Load Resources providing Non-Spin shall meet the following LRNEDP criteria each month. ERCOT will assess compliance according to the following performance criteria and will report all non-compliance to the reliability monitor:

An LRNEDP for a five-minute clock interval will be deemed to pass if, when expressed as a percent, it is less than X%, or if, when expressed in MW, it is less than Y MW, or both. Otherwise the LRNEDP for that five-minute clock interval will be deemed to have failed.

If the LRNEDP for a Load Resource providing Non-Spin passes 85% or more of the five-minute clock intervals in the month during which LRNEDP was calculated, the Load Resource will be deemed to be in compliance. Otherwise, the Load Resource will be deemed to have failed to comply.

Additionally, ERCOT will assess the compliance for all Load Resources providing Non-Spin specifically during intervals in which ERCOT has declared EEA Level 1 or greater. The compliance will be assessed separately for each instance in which ERCOT has declared EEA, and ERCOT will report all non-compliance to the reliability monitor:

An LRNEDP for a five-minute clock interval will be deemed to pass if, when expressed as a percent, it is less than X%, or if, when expressed in MW, it is less than Y MW, or both. Otherwise the LRNEDP for that five-minute clock interval will be deemed to have failed.

If the LRNEDP for a Load Resource providing Non-Spin fails for three or more of the five-minute clock intervals during which EEA was declared and during which LRNEDP was calculated, the Load Resource will be deemed to have failed to comply. Otherwise, the Load Resource will be deemed to be in compliance.

(6) For Load Resources providing Non-Spin, the following intervals will be excluded from the calculations of LRNEDP:

(a) Five-minute clock intervals any part of which are included in the 30-minute Non-

Spin ramp period; and

(b) Five-minute clock intervals any part of which are included in the three-hour recovery period following recall of Non-Spin.

(7) ERCOT shall post the following to the MIS Certified Area for each QSE and its Load Resources (excluding Controllable Load Resources) providing Non-Spin:

(a) The percentage of the monthly five-minute clock intervals during which the Load Resource providing Non-Spin had a Resource Status of ONRL; and

(b) The percentage of the monthly five-minute clock intervals during which the Load Resource providing Non-Spin had a Resource Status of ONRL and for which the LRNEDP was less than X%, and the percentage of the monthly five-minute clock intervals during which the Load Resource providing Non-Spin had a Resource Status of ONRL and for which the LRNEDP was less than Y MW.

(8) The LRNEDP performance criteria in paragraphs (5) through (7) above shall be subject to review and approval by TAC. The LRNEDP performance criteria variables X and Y shall be posted to the MIS Public Area no later than three Business Days after TAC approval.

[NPRR555: Replace paragraph Section 8.1.1.4.3 above with the following upon system implementation:]

8.1.1.4.3 Non-Spinning Reserve Service Energy Deployment Criteria

(1) ERCOT shall, as part of its Ancillary Service deployment procedure under Section 6.5.7.6.2.3, Non-Spinning Reserve Service Deployment, include all performance metrics for a Resource receiving a Non-Spin recall instruction from ERCOT.

(2) A Non-Spin Dispatch Instruction from ERCOT must respect the minimum runtime of a Generation Resource. After the recall of a Non-Spin Dispatch Instruction, any Generation Resource previously Off-Line providing Non-Spin is allowed to remain On-Line for 30 minutes following the recall. During that time period, the On-Line Generation Resource is treated as if the Non-Spin is being provided.

(3) Control performance during periods in which ERCOT has deployed Non-Spin shall be based on the requirements below and failure to meet any one of these requirements for the greater of one or 5% of Non-Spin deployments during a month shall be reported to Texas RE as non-compliance:

(a) Within 20 minutes following a deployment instruction, the QSE must update the telemetered Ancillary Service Schedule for Non-Spin for Generation Resources and Controllable Load Resources to reflect the deployment amount.

(b) Off-Line Generation Resources, within 25 minutes following a deployment instruction, must be On-Line with an Energy Offer Curve and the telemetered net generation must be greater than or equal to the Resource's telemetered LSL multiplied by P1 where P1 is defined in the "ERCOT and QSE Operations Business Practices During the Operating Hour." The Resource Status that must be telemetered indicating that the Resource has come On-Line with an Energy Offer Curve is ON as described in paragraph (5)(b)(i) of Section 3.9.1, Current Operating Plan (COP) Criteria.

(c) If an Off-Line Generation Resource experiences a Startup Loading Failure (excluding those caused by operator error), the Resource may be considered for exclusion from performance non-compliance if the QSE provides to ERCOT the following documentation regarding the incident:

(i) Its generation log documenting the Startup Loading Failure; and

(ii) Equipment failure documentation such as, but not limited to, GADS reports, plant operator logs, work orders, or other applicable information.

(d) Controllable Load Resources must be available to SCED, and within 25 minutes following a deployment instruction must have a Real-Time Market (RTM) Energy Bid and the telemetered net real power consumption must be greater than or equal to the Resource's telemetered LPC.

8.1.2 Current Operating Plan (COP) Performance Requirements

(1) Each QSE representing a Resource must submit a COP in accordance with Section 3.9, Current Operating Plan (COP).

(2) For each QSE, ERCOT shall post for each month the number, by Operating Hour, of valid COP failures to meet the provisions of paragraphs (3) and (4) of Section 3.9.2, Current Operating Plan Validation, for Ancillary Service Resource Responsibilities contained in the QSE's COP used for the DRUC and each HRUC during the Operating Day. QSEs shall have no more than three hours during an Operating Day or 74 hours during a month that contains COP Ancillary Service Resource Responsibility validation failures.

(3) For each QSE, ERCOT shall post for each month the number of Operating Hours during which a Reliability Unit Commitment (RUC) committed QSE Resource, not Off-Line as the result of a Forced Outage, failed to be On-Line and released to SCED for deployment in the RUC-Commitment Hour. QSEs shall have no more than three hours during an Operating Day and no more than 74 hours during a month that contains one or more of these events.

8.1.3 Emergency Response Service Performance and Testing

Performance metrics for Emergency Response Service (ERS) event performance, availability, and testing are detailed in this section for both ERS Loads and ERS Generators.

8.1.3.1 Performance Criteria for Emergency Response Service Resources

ERS Resources' compliance will be based on their performance during ERS deployment event(s), their performance in ERS testing, and their availability during an ERS Contract Period. As part of its evaluation of each ERS offer during an ERS procurement process, ERCOT will assign each ERS Resource to a unique performance evaluation methodology. The performance evaluation methodology has three purposes:

(a) To provide the QSE a basis for determining the ERS Resource's offer capacity;

(b) To provide the basis for ERCOT to determine the ERS Resource's availability during its committed hours in an ERS Contract Period; and

(c) To measure and verify the ERS Resource's performance, as compared to its contracted capacity, during an ERS deployment event or test.

8.1.3.1.1 Baseline Assignments for Emergency Response Service Loads

(1) As part of the ERS procurement process, ERCOT shall notify QSEs of an ERS Load's eligibility to be evaluated on one or more of the following baselines, which are developed and administered by ERCOT consistent with the North American Energy Standards Board (NAESB) Practice Standards:

(a) The "ERS Default Baseline" requires an ERS Load to reduce its Load by its contracted amount, and is a method of estimating the electricity that would have been consumed by an ERS Load in the absence of an ERS deployment event;

(b) The "ERS Alternate Baseline" requires an ERS Load to reduce Load to a contracted level of electricity demand (its maximum base load) in an ERS deployment event.

(2) ERS Default Baseline:

(a) As part of its offer evaluation process, ERCOT will initially attempt to assign each ERS Load offer to a default baseline methodology. A default baseline methodology is designed to predict the interval Load based on variables which may include historic Load data, weather, time of day and other relevant calendar information. ERCOT may use other data variables in a default baseline methodology at ERCOT's sole discretion, if ERCOT determines the additional data will enhance the accuracy of the default baseline. Development of a default baseline for each ERS Load will be consistent with practices described in the

document entitled "Default Baseline Methodology" posted on the ERCOT website. The methodology for developing a default baseline will be documented and published on the ERCOT website.

(b) For aggregated ERS Loads, ERCOT may develop either a single baseline model at the aggregate level or multiple baseline models for individual ESI IDs and/or subsets of ESI IDs within the aggregation. If ERCOT develops the model at the ESI ID and/or subset level, ERCOT shall establish the default baseline for the aggregated ERS Load by summing the default baselines of the individual ESI IDs and/or subsets of ESI IDs in the aggregation. The performance of an aggregated ERS Resource shall be calculated by ERCOT at the ERS Resource level.

(c) ERCOT will develop a default baseline for an ERS Load by analyzing historic 15-minute interval usage data. If ERCOT uses historical data pulled from its own systems to develop the default baseline for an ERS Load, ERCOT shall upon request provide the historical data used to the QSE representing the ERS Resource.

(d) Based on ERCOT's analysis of data in establishing a default baseline for an ERS Load, ERCOT may reduce the amount of capacity an ERS Load may be awarded in a given ERS Contract Period.

(e) Upon request, ERCOT shall provide default baseline analysis results for an ERS Load to the Entity representing that ERS Resource.

(3) ERS Alternate Baseline:

(a) ERCOT may assign an ERS Load to an alternate baseline formula for one of the following reasons:

(i) ERCOT determines that the ERS Load does not have sufficient predictability to be assigned to a default baseline;

(ii) The QSE requests an alternate baseline assignment for the ERS Load; or

(iii) ERCOT has insufficient historical meter data available at the time of baseline assignment to accurately model the ERS Load.

(b) If, following ERS procurement, ERCOT determines that sufficient historical data is available and the ERS Load has sufficient predictability for a default baseline assignment, ERCOT with the QSE's consent may reassign the ERS Load to a default baseline, notify the QSE of the reassignment, and calculate performance for the ERS Contract Period accordingly.

(c) Under the alternate baseline formula, ERCOT shall calculate an ERS Load's average (mean) Load (MWh) over the most recent available 12-month period, with an emphasis on the months corresponding to the upcoming ERS Standard Contract Term. ERCOT will validate the MW capacity offer for each ERS Load

for the applicable ERS Time Period, based upon the difference between this average Load calculation (MWh) and the ERS Load's declared maximum base Load (MWh). In selecting an ERS Load with an alternate baseline, ERCOT may award the lesser of the MW offer or the MW capacity validated by ERCOT.

(4) All ESI IDs within an aggregated ERS Load must be assigned to the same baseline methodology (either the ERS Default Baseline or the ERS Alternate Baseline).

8.1.3.1.2 Performance Evaluation for Emergency Response Service Generators

ERCOT shall evaluate the event performance of an ERS Generator solely by measuring net injection of energy to the ERCOT System using data from metering as described in paragraph (3)(a) of Section 3.14.3.3, Emergency Response Service Provision and Technical Requirements. ERCOT shall evaluate the availability of an ERS Generator by using 15-minute interval metering dedicated to the ERS Generator.

8.1.3.1.3 Availability Criteria for Emergency Response Service Resources

No later than 45 days after the end of an ERS Standard Contract Term, ERCOT shall provide each QSE representing ERS Resources with an availability report for its ERS portfolio. The report shall contain:

(a) For each ERS Time Period and each ERS Contract Period in the ERS Standard Contract Term, the ERS availability factor (ERSAF) for each ERS Resource in the QSE's ERS portfolio, as described in Sections 8.1.3.1.3.1, Time Period Availability Calculations for Emergency Response Service Loads, and 8.1.3.1.3.2, Time Period Availability Calculations for Emergency Response Service Generators.

(b) For each ERS Contract Period in the ERS Standard Contract Term, the QSE's portfolio-level availability factor, as described in Section 8.1.3.3.1, Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resources.

(c) The QSE's portfolio-level availability factor for the Standard Contract Term, as described in Section 8.1.3.3.1.

8.1.3.1.3.1 Time Period Availability Calculations for Emergency Response Service Loads

(1) For an ERS Load assigned to an ERS Default Baseline, ERCOT will calculate its ERSAF as follows:

(a) ERCOT will consider the ERS Load to have been available for any hour in a contracted ERS Time Period in which the ERS Load's Load was greater than 95%

of its contracted ERS MW capacity; otherwise, the ERS Load will be considered unavailable for that hour. The ERSAF will be the ratio of the number of hours the ERS Load was available during the ERS Time Period divided by the total hours in the ERS Time Period.

(b) Notwithstanding the foregoing, in determining the ERSAF, ERCOT will exclude from the calculation the following contracted hours:

(i) Any hours for which the ERS Load's QSE notified ERCOT, in a format prescribed by ERCOT, of the ERS Load's unavailability at least five Business Days in advance, up to a maximum of 2% of the total contracted hours in the ERS Contract Period;

(ii) Any hours in which an EEA was in effect, starting with initiation of EEA Level 1 and including the full ten-hour ERS recovery period, if applicable;

(iii) Any hours in which an ERCOT unannounced test was conducted, and including the full ten-hour ERS recovery period, if applicable;

(iv) Any hours following an ERS deployment resulting in exhaustion of the ERS Load's obligation in an ERS Contract Period; and

(v) Any hours that Load within an ERS Load was disabled or unverifiable due to events on the Transmission and/or Distribution Service Provider (TDSP) side of the meter affecting the supply, delivery or measurement of electricity to the Load. QSEs must provide verification of such events from the TDSP or Meter Reading Entity (MRE).

(2) For an ERS Load assigned to the alternate baseline, ERCOT will calculate its ERSAF as follows:

(a) ERCOT shall divide the ERS Load's actual average Load per hour (excluding its declared maximum base Load, if any) for the contracted hours in the ERS Time Period ERS Load's contracted MW offer, provided that the availability factor shall not be greater than one.

(b) In determining the ERS Load's average actual Load, ERCOT shall exclude from the average any hours meeting one or more of the following descriptions:

(i) Any hours for which the ERS Load's QSE notified ERCOT, in a format prescribed by ERCOT, of the ERS Load's unavailability at least five Business Days in advance, up to a maximum of 2% of the total contracted hours in the ERS Contract Period;

(ii) Any hours in which an EEA was in effect, starting with initiation of EEA Level 1 and including the full ten-hour ERS recovery period, if applicable;

(iii) Any hours in which an ERCOT unannounced test was conducted, and including the full ten-hour ERS recovery period, if applicable;

(iv) Any hours following the ERS deployment resulting in exhaustion of the ERS Load's obligation in an ERS Contract Period; and

(v) Any hours that Load within an ERS Load was disabled or unverifiable due to events on the TDSP side of the meter affecting the supply, delivery or measurement of electricity to the Load. QSEs must provide verification of such events from the TDSP or MRE.

(c) The calculations for the alternate baseline ERSAF are as follows:

$$\mathbf{ERSAF}_{qce(tp)} = \mathbf{MIN}\ (1, (\mathbf{AV}_{qce(tp)} / (h^* \mathbf{OFFERMW}_{qce(tp)})))$$

The above variables are defined as follows:

Variable	Unit	Description
q	None	A QSE.
c	None	ERS Contract Period.
e	None	Individual ERS Load.
tp	None	ERS Time Period.
h	Hour	An hour.
$AV_{qce(tp)}$	MWh	Average Load per hour for an ERS Load in a contracted ERS Time Period, excluding declared maximum base Load.
$OFFERMW_{qce(tp)}$	MW	An ERS Load's contracted capacity for an ERS Time Period, applicable to either competitively procured or self-provided ERS.
$ERSAF_{qce(tp)}$	None	Availability factor for an ERS Load for an ERS Time Period.

8.1.3.1.3.2 Time Period Availability Calculations for Emergency Response Service Generators

(1) In order to support ERCOT's evaluation of ERS Generator availability, QSEs representing ERS Generators shall submit to ERCOT no later than two Business Days prior to the start of an ERS Standard Contract Term, in a format determined by ERCOT, the following information:

(a) For each ERS Generator, the QSE shall Notify ERCOT of its ERS Generator schedule of planned maintenance, which includes start and stop times for any planned maintenance events during the four-month ERS Standard Contract Term. A QSE may modify the planned maintenance schedule during an ERS Contract Period by submitting a Notice of the modification to ERCOT in a format determined by ERCOT. A modification to a planned maintenance schedule may be submitted no later than five Business Days prior to the start date of the planned maintenance. A modification to a planned maintenance schedule may decrease

the number of hours of planned maintenance but may not increase the number of hours of planned maintenance.

(b) For a non-self-serving ERS Generator, the QSE shall Notify ERCOT of its self-test schedule, which includes start and stop times and intended output of energy for each scheduled test of the ERS Generator during the ERS Standard Contract Term. A QSE may modify the self-test schedule during an ERS Contract Period by submitting a Notice of the modification to ERCOT in a format determined by ERCOT. A modification to a self-test schedule may be submitted no later than five Business Days prior to the date of the change. A modification to a self-test schedule may decrease the number of scheduled tests but may not increase the number of scheduled tests.

(i) Self-tests may be conducted using Load banks. ERS Generators are not required to inject energy to the ERCOT System via synchronous connection during a self-test so long as the ERS Generator is directly metered with 15-minute interval metering. This provision does not apply to ERCOT unannounced tests.

(2) ERCOT will calculate an ERSAF using interval meter readings for an ERS Generator for each committed ERS Time Period as the ratio of the number of hours the ERS Generator was available in the ERS Time Period divided by the total obligated hours in the ERS Time Period. ERS Generators are considered available for any hours except the following:

(a) All ERS Generators will be considered unavailable for any hours containing intervals that are part of an unsuccessfully executed unannounced ERCOT test of the ERS Generator, beginning at the time of dispatch and ending at the end of the interval preceding the time the ERS Generator begins injecting energy to the ERCOT System at a rate consistent with its event performance criteria, as described in Section 8.1.3.1.4, Event Performance Criteria for Emergency Response Service Resources. An unannounced ERCOT test is considered to be unsuccessfully executed if the ERS Generator fails to begin injecting energy to the ERCOT System at a rate consistent with its event performance criteria, as described in Section 8.1.3.1.4.

(b) A self-serving ERS Generator will be considered unavailable during any hours containing intervals in which either of the following conditions are present:

(i) It is operating at a level greater than the sum of its declared self-serve value and its declared injection capacity; or

(ii) It is metered at zero generation and its native Load is being served by importing energy from the ERCOT System.

(c) A non-self-serving ERS Generator will be considered unavailable during any hours containing intervals in which either of the following conditions are present:

(i) It is metered at greater than zero generation; or

(ii) It is metered at zero generation during an unsuccessfully executed self-test beginning with the start time the ERS Generator has scheduled for the self-test and ending at the interval preceding the time that the ERS Generator begins generating at its intended energy output. A scheduled self-test is considered to be unsuccessfully executed if the ERS Generator fails to begin generating at its intended energy output between the start and stop times designated for the test. In such cases, the test shall be considered to have ended only when the ERS Generator has generated at its specified energy output for at least one full interval.

(d) Hours containing the following intervals will be excluded from the availability calculation:

(i) Any hours of planned maintenance, as described in item (1)(a) above, up to a maximum of 2% of the total contracted hours in the ERS Contract Period;

(ii) Any hours in which an EEA was in effect, starting with initiation of EEA Level 1 and including the full ten-hour ERS recovery period, if applicable;

(iii) Any hours following an ERS deployment that results in exhaustion of the ERS Generator's obligation in an ERS Contract Period;

(iv) Any hours that the ERS Generator's ability to inject energy to the ERCOT System was disabled or unverifiable due to events on the TDSP side of the meter affecting the ability of the ERS Generator to achieve a synchronous connection. QSEs must provide verification of such events from the TDSP or MRE.

(v) Intervals during a successfully completed ERCOT unannounced test of the ERS Generator and all intervals in the full ten-hour ERS recovery period; and

(vi) Intervals during a successfully completed scheduled self-test, as reported to ERCOT via the provisions in this Section.

8.1.3.1.3.3 Contract Period Availability Calculations for Emergency Response Service Resources

(1) ERCOT shall compute a single time- and capacity-weighted availability factor (ERSAFCOMB) for each ERS Resource for an ERS Contract Period from the ERS Time Period ERSAFs calculated in Sections 8.1.3.1.1, Baseline Assignments for Emergency Response Service Loads, and 8.1.3.1.3.2, Time Period Availability Calculations for Emergency Response Service Generators, as follows:

If HOURS $_{qce(tp)}$ = 0, ERSAFCOMB $_{qce}$ = 1

Otherwise

$$\textbf{ERSAFCOMB}_{qce} = \sum_{tp} (\textbf{HOURS}_{qce(tp)} * \textbf{OFFERMW}_{qce(tp)} * \textbf{ERSAF}_{qce(tp)}) / \sum_{tp} (\textbf{HOURS}_{qce(tp)} * \textbf{OFFERMW}_{qce(tp)})$$

The above variables are defined as follows:

Variable	Unit	Description
q	None	A QSE.
c	None	ERS Contract Period.
e	None	Individual ERS Resource.
tp	None	ERS Time Period.
ERSAFCOMB $_{qce}$	None	Time- and capacity-weighted availability factor for an ERS Contract Period.
HOURS $_{qce(tp)}$	Hours	The number of hours an ERS Resource is obligated in an ERS Time Period minus any hours in that Time Period excluded for purposes of computing availability.
OFFERMW $_{qce(tp)}$	MWh	The ERS Resource's contracted capacity for that time period expressed in units of MWh.
ERSAF $_{qce(tp)}$	None	Availability factor for an ERS Resource for an ERS Time Period.

(2) In an ERS Contract Period with no ERS deployment events, the availability settlement weighting factor (ERSAFWT) shall be set to one.

(3) In an ERS Contract Period with a single ERS deployment event lasting for less than eight hours, the ERSAFWT shall be set to 0.25.

(4) In an ERS Contract Period in which an ERS Resource's ERS obligation is exhausted, the ERSAFWT of the exhausted ERS Resource shall be set to 0.25 × ERSAFHRS$_{qce}$ with ERSAFHRS determined as calculated below. Otherwise, if ERSAFHRS for the ERS Contract Period as calculated in the following formula:

$$\textbf{ERSAFHRS}_{qce} = (\textbf{AFHOURS}_{qce} / (\textbf{AFHOURS}_{qce} + \sum_{tp} \textbf{HOURS}_{qsce(tp)}))$$

The above variables are defined as follows:

Variable	Unit	Description
q	None	A QSE.

s	None	ERS Standard Contract Term.
c	None	ERS Contract Period.
e	None	Individual ERS Resource.
tp	None	ERS Time Period.
$ERSAFHRS_{qce}$	None	The ratio of Availability Factor Hours to the total Standing Contract Term hours for an ERS Resource.
$AFHOURS_{qce}$	Hours	Number of the ERS Resource's obligated hours prior to the exhaustion of the ERS Resource's obligation, minus any hours during that time excluded for purposes of computing availability.
$HOURS_{qsce(tp)}$	Hours	The total number of awarded hours for an ERS Time Period in the ERS Standard Contract Term preceding the beginning of the ERS Contract Period and following the exhaustion of the ERS obligation.

(5) An ERS Resource shall be deemed to have met its availability requirements for an ERS Contract Period if ERSAFHRS for the ERS Contract Period is less than 0.5 and if the ERS Resource achieves an ERSAFCOMB greater than or equal to the value calculated in the formula below:

$$\mathbf{3.8 * ERSAFHRS}_{qce} \mathbf{- 3.8 * (ERSAFHRS}_{qce}\mathbf{)}^2$$

(6) An ERS Resource that is deemed to have met its availability requirements under paragraph (4) above shall have its availability factor for that ERS Contract Period set to one.

8.1.3.1.4 Event Performance Criteria for Emergency Response Service Resources

(1) No later than 45 days after the end of an ERS Standard Contract Term in which one or more ERS deployment events occurred, ERCOT shall provide each QSE representing ERS Resources with an event performance report containing the results of ERCOT's evaluation of the event(s). The report shall contain:

(a) For each event, the ERS event performance factor (ERSEPF) for each ERS Resource in the QSE's ERS portfolio, as described in this Section;

(b) For each event, the QSE's portfolio-level event performance factor, as described in Section 8.1.3.3.1, Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resources;

(c) The QSE's portfolio-level event performance factor for the ERS Standard Contract Term, as described in Section 8.1.3.3.1.

(2) ERCOT shall evaluate an ERS Resource's performance during an ERS deployment based on two criteria:

(a) Within ten minutes of ERCOT's issuance of a VDI to a QSE to deploy ERS, ERS Loads shall curtail Load and ERS Generators shall reach a level of energy

injection to the ERCOT System in accordance with their ERS contractual obligations with ERCOT. ERCOT shall assess each ERS Resource's compliance with this requirement by using the ERS Interval Performance Factors (EIPFs), calculated in paragraph (2)(b) below, for the first full interval of the Sustained Response Period. If an ERS Resource achieves a first full interval performance factor, as defined in paragraph (2)(b) below, of less than 0.95 the ERS Resource shall be deemed to have failed to meet the ten-minute deployment requirement; otherwise, the ERS Resource shall be deemed to have met its ten-minute deployment requirement.

(b) ERCOT shall measure each ERS Resource's compliance throughout the duration of an ERS deployment event by analyzing 15-minute interval meter data associated with the ERS Resource. ERCOT will compute an ERSEPF for each ERS Resource based upon this analysis.

(i) The ERSEPF is computed as the time-weighted arithmetic average of the EIPFs for the Sustained Response Period. An EIPF is computed for the ERS Resource for each of the 15-minute intervals in an ERS Sustained Response Period for which the ERS Resource has a contracted capacity. If the last interval of the Sustained Response Period has an interval fraction (IntFrac) of less than one, the EIPF for that interval shall be excluded for the computation of ERSEPF. For an interval, $EIPF_i$ is computed as follows:

$$\mathbf{EIPF_i = Max(Min(((Base_MWh_i - Actual_MWh_i) / (IntFrac_i * OFFERMW)),1),0)}$$

The above variables are defined as follows:

Variable	Unit	Description
i	None	An interval.
$IntFrac_i$	None	Interval fraction for that ERS Resource for that interval.
$Base_MWh_i$	MWh	For an ERS Load assigned to a default baseline, the aggregated sum of baseline MWh values estimated by ERCOT for all sites in the ERS Load for that interval. For an ERS Load assigned to the alternate baseline, the sum of the ERS Load's OFFERMW and Maximum Base Load for that interval. For an ERS Generator, the net energy injected to the ERCOT System for that interval.
$Actual_MWh_i$	MWh	For an ERS Load, the aggregated sum of the actual MWh values for all sites in the ERS Load for that interval. For a self-serving ERS Generator, the ERS Generator's declared injection capacity, expressed in units of MWh. For a non-self-serving ERS Generator, zero.
OFFERMW	MWh	The ERS Resource's contracted capacity for that interval expressed in units of MWh.

and where IntFrac $_i$ corresponds to the fraction of time for that interval for which the Sustained Response Period is in effect and is computed as follows:

IntFrac $_i$ = (CEndT $_i$ – CBegT $_i$) / 15

The above variables are defined as follows:

Variable	Unit	Description
i	None	An interval.
IntFrac $_i$	None	Interval fraction for that ERS Resource for that interval.
CBegT $_i$	Minutes	If the Sustained Response Period begins after the start of that interval, the time in minutes from the beginning of that interval to the beginning of the Sustained Response Period, otherwise it is zero.
CEndT $_i$	Minutes	If the Sustained Response Period ends during that interval, the time in minutes from the beginning of that interval to the end of the Sustained Response Period, otherwise it is 15.

(ii) For an ERS Load assigned to an alternate baseline, if the IntFrac for the first interval of the Sustained Response Period is less than one, the EIPF for that interval calculated in the formula shown in paragraph (2)(b)(i) above shall use Base_ MWh $_i$ derived from historical interval meter data determined by ERCOT to represent an appropriate estimate of the ERS Load's business-as-usual Load specific to the conditions associated with the ERS deployment event.

(iii) If an ERS deployment event lasts more than eight hours, the time-weighting factor for intervals beyond the eighth hour shall be reduced by 25%; if the ERS deployment event lasts more than 16 hours, the time-weighting factor for intervals beyond the 16th hour shall be reduced by 50%.

(iv) In any ERS Standard Contract Term in which ERCOT has deployed ERS, the ERSEPF shall be the time-weighted average of the event performance factors for all events.

(v) Irrespective of its ERSEPF, an ERS Resource shall be deemed to have met its event performance requirements if it is an ERS Load determined by ERCOT to have met its Load reduction obligations in the ERS deployment event if measured on one of ERCOT's established default baseline types other than the baseline type to which it is assigned, and ERCOT determines that the different baseline more accurately represents the ERS Load's demand response contribution.

8.1.3.2 Testing of Emergency Response Service Resources

(1) ERCOT may conduct an unannounced test of any ERS Resource at any time during an ERS Time Period in which the ERS Resource is contracted to provide ERS. The duration of a test will not count toward the ERS Resource's eight hours of maximum deployment time for an ERS Contract Period. ERCOT shall determine a test performance factor for each test using the methodology defined in paragraph Section 8.1.3.1.4, Event Performance Criteria for Emergency Response Service Resources. A test shall be deemed to be successful if the ERS Resource achieves both a test performance factor of 0.95 or greater and an EIPF for the full first interval of the test of 0.95 or greater. An ERS Resource that successfully completes a test shall not be subject to an additional test for at least 365 days. In addition, an ERS Resource that meets its performance obligations during any ERS deployment event shall not be subject to a test for at least the following 365 days. Notwithstanding the foregoing, if ERCOT determines that the ERS Generator failed to perform adequately in one or more scheduled self-tests, ERCOT may test an ERS Generator more than once in the following 365-day period.

(2) ERCOT shall conduct an unannounced test of an ERS Resource that has been suspended from participation in ERS pursuant to Section 8.1.3.3, Suspension of Qualification of Emergency Response Service Resources and/or their Qualified Scheduling Entities. ERCOT will conduct such a test only after the QSE representing the ERS Resource has communicated to ERCOT a request for reinstatement of the suspended ERS Resource.

(3) An ERCOT unannounced test of an ERS Generator must demonstrate injection of energy to the ERCOT System. The use of Load banks is prohibited for ERCOT unannounced tests.

(4) In order to assist QSEs and ERS Resources in managing environmental compliance, ERCOT shall limit the cumulative duration of Sustained Response Periods of testing of an ERS Resource to a maximum of one hour per ERS Standard Contract Term.

8.1.3.3 Suspension of Qualification of Emergency Response Service Resources and/or their Qualified Scheduling Entities

(1) If a QSE's portfolio-level availability factor and event performance factors as calculated in Section 8.1.3.3.1, Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resources, both equal or exceed 0.95, the QSE will be deemed to have met its ERS performance requirements for the ERS Contract Period, and the QSE and its ERS Resources are not subject to suspension.

(2) If a QSE fails to meet its portfolio-level availability and/or event performance requirements as described in Section 8.1.3.3.1, ERCOT may suspend the QSE from participation in ERS, and the QSE may be subject to administrative penalties imposed by the Public Utility Commission of Texas (PUCT).

(3) If a QSE is found by ERCOT to have failed its portfolio-level availability requirements, the following shall apply:

(a) If an ERS Resource in the QSE's portfolio achieves an availability factor of 0.85 or greater, the ERS Resource shall not be subject to suspension for availability purposes; and

(b) If an ERS Resource in the failing QSE portfolio achieves an availability factor of less than 0.85, ERCOT may suspend the ERS Resource from participation in ERS for one ERS Standard Contract Term.

(4) If a QSE is found by ERCOT to have failed its portfolio-level event performance requirements, the following shall apply:

(a) If an ERS Resource in the QSE's portfolio is found by ERCOT to have met its event performance requirements as described in Section 8.1.3.1.4, Event Performance Criteria for Emergency Response Service Resources, the ERS Resource is not subject to suspension for event performance purposes.

(b) If an ERS Resource in the QSE's portfolio is found by ERCOT to have failed to meet its event performance requirements as described in Section 8.1.3.1.4, the ERS Resource may be suspended from participation in ERS based on the following graduated scale:

(i) An ERS Resource that achieves an event performance factor of at least 0.75 but less than 0.95 may be suspended from ERS participation for one ERS Standard Contract Term.

(ii) An ERS Resource that achieves an event performance factor of at least 0.30 but less than 0.75 may be suspended from ERS participation for two ERS Standard Contract Terms.

(iii) An ERS Resource that achieves an event performance factor of less than 0.30 may be suspended from ERS participation for three ERS Standard Contract Terms.

(5) An ERS Resource that achieves a test performance factor of less than 0.95 on two consecutive unannounced ERCOT tests as described in Section 8.1.3.2, Testing of Emergency Response Service Resources, may be suspended from participation in ERS for one ERS Standard Contract Term. Successful deployment in a subsequent ERS deployment event supersedes any test failures.

(6) If a Governmental Authority issues a written determination that an ERS Resource is in violation of any environmental law that would preclude the ERS Resource's compliance with its ERS availability or deployment obligations, ERCOT shall treat the ERS Resource as having no availability for the remainder of the Standard Contract Term following the Governmental Authority's determination and shall treat the Resource as having an Event Performance Factor of zero for any deployments in the remaining portion of the Standard Contract Term. ERCOT shall also suspend the ERS Resource's participation in ERS until the ERS Resource's QSE certifies to ERCOT in writing that

the violation has been remedied and that the ERS Resource may lawfully participate in ERS.

(7) ERCOT may consider mitigating factors such as equipment failures and/or Force Majeure Events in determining whether to suspend an ERS Resource. An ERS Resource may also be exempted from suspension if ERCOT determines that the ERS Resource's failure was the direct result of action or inaction by its QSE, or if the ERS Resource's QSE submits evidence showing that the failure is attributable to an action that was required to avoid violating federal, state or local environmental regulations.

(8) A suspension period for an ERS Resource shall begin on the day following the expiration of the ERS Resource's current or most recent ERS obligation.

(9) If ERCOT suspends qualification of an ERS Resource or a QSE representing an ERS Resource due to failure to meet performance obligations, ERCOT may revoke and recoup all payments for the ERS Contract Period associated with that ERS Resource.

(10) ERCOT may reinstate an ERS Resource's eligibility to offer into ERS only after the ERS Resource satisfactorily completes the reinstatement process, including a test conducted by ERCOT, as described in Section 8.1.3.2 and in the ERS technical requirements.

8.1.3.3.1 Performance Criteria for Qualified Scheduling Entities Representing Emergency Response Service Resources

(1) A QSE's ERS performance will be evaluated based on its portfolio's performance during ERS deployment events and on the overall availability of its portfolio in an ERS Standard Contract Term, as follows:

(a) Availability:

(i) ERCOT shall calculate a portfolio-level availability factor ($ERSAF_{qc}$) for each QSE's ERS portfolio for each ERS Time Period in an ERS Contract Period using the methodologies defined in Section 8.1.3.1.3, Availability Criteria for Emergency Response Service Resources, except that the availability factor for each ERS Time Period will be allowed to exceed 1.0. ERCOT shall then calculate a single time- and capacity-weighted availability factor for the QSE portfolio for the ERS Contract Period using the methodologies defined in Section 8.1.3.1.3. ERCOT shall then calculate a single time- and capacity-weighted availability factor ($ERSAFCOMB_{qr}$) for the QSE portfolio for the ERS Standard Contract Term, capped at 1.0.

(ii) For an ERS Standard Contract Term with a single ERS Contract Period, the QSE portfolio-level availability factor for the ERS Standard Contract Term shall be the portfolio-level availability factor for the ERS Contract Period. For an ERS Standard Contract Term with multiple ERS Contract Periods, ERCOT shall compute a QSE portfolio-level availability factor

for the ERS Standard Contract Term by averaging the QSE's availability factors across ERS Contract Periods and ERS Time Periods, weighted according to time and capacity obligations.

(iii) The QSE's portfolio-level availability factor for the ERS Standard Contract Term will determine both the availability component of the ERS payment to the QSE and whether the QSE has met its ERS availability requirements. If the QSE's portfolio-level availability factor for the ERS Standard Contract Term equals or exceeds 0.95, the QSE shall be deemed to have met its availability requirements for the ERS Standard Contract Term; otherwise, the QSE shall be deemed to have failed to meet this requirement. If the QSE's portfolio-level availability factor for the ERS Standard Contract Term is less than 1.0, the QSE's ERS capacity payment shall be reduced according to the formulas in Section 6.6.11.1, Emergency Response Service Capacity Payments.

(b) Event Performance:

(i) QSEs representing ERS Resources must meet performance standards specified in Section 8.1.3.1.4, Event Performance Criteria for Emergency Response Service Resources, as applied on a portfolio-level basis. ERCOT's calculation of portfolio performance shall weight each ERS Resource according to its committed share of the QSE portfolio capacity measured in MW. ERCOT shall determine a QSE's portfolio-level event performance by calculating a QSE-level event performance factor ($ERSEPF_{qr}$). For purposes of evaluating ERS Loads, ERCOT shall establish a baseline representing the portfolio's estimated Load in the absence of the ERS deployment event. For purposes of evaluating ERS Generators, ERCOT shall compute portfolio-level injection of energy to the ERCOT System. Using this data, ERCOT shall calculate a QSE-level event performance factor for each ERS deployment event based on the methodologies defined in Section 8.1.3.1.4. ERCOT shall then calculate a single QSE portfolio-level event performance factor ($ERSEPF_{qr}$) for the ERS Standard Contract Term, capped at 1.0. For an ERS Standard Contract Term with no ERS deployment events, the QSE portfolio-level event performance factor for the ERS Standard Contract Term shall be set at 1.0.

(ii) For an ERS Standard Contract Term with a single ERS deployment event, the QSE portfolio-level event performance factor for the ERS Standard Contract Term shall be the QSE portfolio-level event performance factor for the event. For an ERS Standard Contract Term with multiple ERS deployment events, ERCOT shall compute the QSE portfolio-level event performance factor for the ERS Standard Contract Term by averaging the QSE's portfolio-level event performance factors for all of the deployment events, weighted according to the duration of the events and capacity obligations by interval.

(iii) The QSE's portfolio-level event performance factor for an ERS Standard Contract Term will determine both the event performance component of the ERS payment to the QSE and whether the QSE has met its ERS event performance requirements. If a QSE's portfolio-level Event Performance Factor for an ERS Standard Contract Term is greater than or equal to 0.95, the QSE will be deemed to have met its event performance requirements for the ERS Standard Contract Term; otherwise, the QSE shall be deemed to have failed to meet this requirement. If a QSE's ERS portfolio achieves an event performance factor of less than 1.0 for the Standard Contract Term, the QSE's ERS capacity payment shall be reduced according to the formulas in Section 6.6.11.1. For purposes of calculating a QSE portfolio-level event performance factor, any ERS Resources that were not subject to dispatch during the event shall be treated as having met their obligation.

(c) Ten-minute Deployment: Within ten minutes of ERCOT's issuance of a VDI to deploy ERS, a QSE shall ensure that the ERS Resources in its portfolio deploy in accordance with their respective obligations. For each ERS deployment event, ERCOT shall assess each QSE's compliance with this requirement by calculating a capacity-weighted QSE portfolio-level interval performance factor for the first full interval of the Sustained Response Period, using the methodologies defined in Section 8.1.3.1.4. If that interval performance factor is equal to or greater than 0.95 the QSE shall be deemed to have met the ten-minute deployment requirement; otherwise, the QSE shall be deemed to have failed to meet this requirement.

(2) It is a violation of these Protocols by a QSE for its portfolio to fail the performance criteria in items (1)(a), (1)(b) or (1)(c) above, and such violation may be subject to an administrative penalty by the PUCT. Such administrative penalty would potentially be in addition to suspension by ERCOT of the QSE pursuant to Section 8.1.3.3, Suspension of Qualification of Emergency Response Service Resources and/or their Qualified Scheduling Entities.

(3) Failure by a QSE portfolio to meet its ERS event performance or availability requirements shall not be cause for revocation of the QSE's Ancillary Services qualification.

8.1.3.4 ERCOT Data Collection for Emergency Response Service

(1) ERCOT will collect all data necessary to analyze offers, Self-Provision offers, and all availability and performance obligations of ERS Resources and their QSEs under the Protocols. QSEs and ERS Resources they represent are required to provide any data to ERCOT that ERCOT may require, as specified by ERCOT.

(2) ERCOT shall post to the MIS Certified Area a summary of each QSE's portfolio-level ERS Resource availability and performance for each ERS Contract Period.

8.2 ERCOT Performance Monitoring

(1) ERCOT shall continually assess its operations performance for the following activities:

(a) Coordinating the wholesale electric market transactions;

(b) System-wide transmission planning; and

(c) Network reliability.

(2) The Technical Advisory Committee (TAC), or a subcommittee designated by TAC, shall review ERCOT's performance in controlling the ERCOT Control Area according to requirements and criteria set out in the TAC- and ERCOT Board-approved monitoring program. Assessments and reports include the following ERCOT activities:

(a) Transmission control:

(i) Transmission system availability statistics;

(ii) Outage scheduling statistics for Transmission Facilities Outages (maintenance planning, construction coordination, etc.); and

(iii) Metrics describing performance of the State Estimator (SE);

(b) Resource control:

(i) Outage scheduling statistics for Resource facilities Outages (maintenance planning, construction coordination, etc.);

(ii) Resource control metrics as defined in the Operating Guides;

(iii) Metrics describing Reliability Unit Commitment (RUC) commitments and deployments;

(iv) Metrics describing conflicting instructions to Generation Resources from interval to interval;

(v) Metrics describing the overall Resource response to frequency deviations in the ERCOT Region; and

(vi) Voltage and reactive control performance;

(c) Settlement stability:

(i) Track number of price changes "after-the-fact";

(ii) Track number and types of disputes submitted to ERCOT;

(iii) Report on compliance with timeliness of response and disposition of disputes;

(iv) Other Settlement metrics; and

(v) Availability of Electric Service Identifier (ESI ID) consumption data in conformance with Settlement timeline;

(d) Performance in implementing network model updates;

(e) Network Operations Model validation, by comparison to other appropriate models or other methods;

(f) SSAE 16 audit results;

(g) Uplift: ERCOT shall calculate and post the sum of all charges for all Qualified Scheduling Entities (QSEs) for each month and year-to-date due to each of the following:

(i) The RUC Capacity-Short Charge, as described in Section 5.7.4.1, RUC Capacity-Short Charge;

(ii) The RUC Decommitment Charge, as described in Section 5.7.6, RUC Decommitment Charge;

(iii) The Load-Allocated Reliability Must Run Amount per QSE, as described in Section 6.6.6.5, RMR Service Charge;

(iv) The Load-Allocated Voltage Support Service Amount per QSE, as described in Section 6.6.7.2, Voltage Support Charge;

(v) The Load-Allocated Black Start Service Amount per QSE, as described in Section 6.6.8.2, Black Start Capacity Charge;

(vi) The Load-Allocated Emergency Energy Amount per QSE, as described in Section 6.6.9.2, Charge for Emergency Power Increases;

(vii) The Load-Allocated Real-Time Revenue Neutrality Amount per QSE, as described in Section 6.6.10, Real-Time Revenue Neutrality Allocation; and

(viii) The total of the ERCOT System Administration Charge.

[NPRR257: Replace or insert applicable paragraphs of Section 8.2, ERCOT Performance Monitoring, above, with the following upon system implementation:]

8.2 ERCOT Performance Monitoring

(1) ERCOT shall continually assess its operations performance for the following activities:

(a) Coordinating the wholesale electric market transactions;

(b) System-wide transmission planning; and

(c) Network reliability.

(2) The Technical Advisory Committee (TAC), or a subcommittee designated by TAC, shall review ERCOT's performance in controlling the ERCOT Control Area according to requirements and criteria set out in the TAC- and ERCOT Board-approved monitoring program. Assessments and reports include the following ERCOT activities:

(a) Transmission control:

(i) Transmission system availability statistics;

(ii) Outage scheduling statistics for Transmission Facilities Outages (maintenance planning, construction coordination, etc.);

(iii) Metrics describing performance of the State Estimator (SE); and

(iv) Voltage and reactive control performance;

(b) Resource control:

(i) Outage scheduling statistics for Resource facilities Outages (maintenance planning, construction coordination, etc.);

(ii) Resource control metrics as defined in the Operating Guides;

(iii) Metrics for reserve monitoring;

(iv) Metrics describing Reliability Unit Commitment (RUC) commitments and deployments;

(v) Metrics describing the performance of Dynamically Scheduled Resources (DSRs);

(vi) Metrics describing conflicting instructions to Generation Resources from interval to interval;

(vii) North American Electric Reliability Corporation (NERC) generation control metrics for the ERCOT Control Area (e.g., CPS and DCS or their successors);

(viii) Metrics describing the overall Resource response to frequency deviations in the ERCOT Region; and

(ix) Voltage and reactive control performance;

(c) Load forecasting:

(i) The accuracy of each day's Load forecast posted at 0600 in the Day-Ahead of the Operating Day as compared with the actual ERCOT Load for each hour of the Operating Day;

(ii) Accuracy of the Load forecast used for Day-Ahead Reliability Unit Commitment (DRUC) compared to the actual ERCOT Load for each hour of the Operating Day; and

(iii) The accuracy of the Load forecast for the following items compared to the average of the SE Load at each Electrical Bus for each hour:

(A) Hourly Load forecast used in the DRUC by Load Zone;

(B) Hourly Load forecast used in the DRUC by Weather Zone;

(C) Hourly Load forecast used in the Hourly Reliability Unit Commitment (HRUC) by Load Zone;

(D) Hourly Load forecast used in the HRUC by Weather Zone;

(E) The accuracy of the Load forecast used in the DRUC for the largest MW and MVA differences between the hourly Bus Load Forecast and the Real-Time Load at each Electrical Bus, by Load Zone; and

(F) The accuracy of the Load forecast used in the DRUC for the largest MW and MVA differences between the hourly Bus Load Forecast and the Real-Time Load at each Electrical Bus, by Weather Zone;

(d) System Operating Constraints:

(i) Comparison of system operating limits identified as constraining limits in the Day-Ahead Market (DAM) to system operating limits identified as constraining limits in the Real-Time Market (RTM);

(ii) Comparison of system operating limits identified as constraining limits in the HRUC to system operating limits identified as constraining limits in the RTM;

(iii) Comparison of system operating limits identified as constraining limits in the DRUC to the level the corresponding system parameter was operated in the RTM; and

(iv) Comparison of system operating limits identified as constraining limits in the hour-ahead market to the level the corresponding system parameter was operated in the RTM;

(e) Settlement stability:

(i) Track number of price changes "after-the-fact;"

(ii) Track number and types of disputes submitted to ERCOT;

(iii) Report on compliance with timeliness of response and disposition of disputes;

(iv) Other Settlement metrics; and

(v) Availability of Electric Service Identifier (ESI ID) consumption data in conformance with Settlement timeline;

(f) Performance in implementing network model updates;

(g) Network Operations Model validation, by comparison to other appropriate models or other methods;

(h) Back-up control plan;

(i) Written Black Start plan;

(j) SSAE 16 audit results;

(k) Computer and communication systems Real-Time availability and systems security; and

(l) Uplift: ERCOT shall calculate and post the sum of all charges for all Qualified Scheduling Entities (QSEs) for each month and year-to-date due to each of the following:

(i) The RUC Capacity-Short Charge, as described in Section 5.7.4.1, RUC Capacity-Short Charge;

(ii) The RUC Decommitment Charge, as described in Section 5.7.6, RUC Decommitment Charge;

(iii) The Load-Allocated Reliability Must Run Amount per QSE, as described in Section 6.6.6.5, RMR Service Charge;

(iv) The Load-Allocated Voltage Support Service Amount per QSE, as described in Section 6.6.7.2, Voltage Support Charge;

(v) The Load-Allocated Black Start Service Amount per QSE, as described in

Section 6.6.8.2, Black Start Capacity Charge;

(vi) The Load-Allocated Emergency Energy Amount per QSE, as described in Section 6.6.9.2, Charge for Emergency Power Increases;

(vii) The Load-Allocated Real-Time Revenue Neutrality Amount per QSE, as described in Section 6.6.10, Real-Time Revenue Neutrality Allocation; and

(viii) The total of the ERCOT System Administration Charge.

8.3 TSP Performance Monitoring and Compliance

(1) ERCOT shall develop a Technical Advisory Committee (TAC)- and ERCOT Board-approved Transmission Service Provider (TSP) monitoring program to be included in the Operating Guides for TSPs prior to the Texas Nodal Market Implementation Date, which shall include the following:

(a) Real-Time data:

(i) Telemetry performance;

(b) Compliance with model update requirements, including provision of network data in Common Informational Model (CIM) compatible format and consistency with the Transmission Element naming convention developed in accordance under Section 3, Management Activities for the ERCOT System;

(c) Compliance with valid Dispatch Instructions.

[NPRR219 & 257: Replace or insert applicable paragraphs of Section 8.3, TSP Performance Monitoring and Compliance, above, with the following upon system implementation:]

8.3 TSP Performance Monitoring and Compliance

(1) ERCOT shall develop a Technical Advisory Committee (TAC)- and ERCOT Board-approved Transmission Service Provider (TSP) monitoring program to be included in the Operating Guides for TSPs prior to the Texas Nodal Market Implementation Date, which shall include the following:

(a) Transmission Element ratings methodology as required by ERCOT:

(i) Timely submittal of ratings, required information on methodology, and updates as requested by ERCOT; and

(ii) Timely response to ERCOT requests to review rating methodology;

(b) Real-Time data:

(i) Telemetry performance; and

(ii) Communications system performance;

(c) Outage scheduling and coordination; TSP Outage planning and scheduling statistics must have less weight the further out these statistics are from the Planned Outage date;

(d) Compliance with model update requirements, including provision of network data in Common Informational Model (CIM) compatible format and consistency with the Transmission Element naming convention developed in accordance under Section 3, Management Activities for the ERCOT System;

(e) Staffing plan for a backup control facility or procedures in the event that the primary facility is unusable, for TSPs; and

(f) Compliance with valid Dispatch Instructions.

8.4 ERCOT Response to Market Non-Performance

(1) ERCOT may require a Market Participant to develop and implement a corrective action plan to address its failure to meet performance criteria in this Section. The Market Participant must deliver a copy of this plan to ERCOT and must report to ERCOT periodically on the status of the implementation of the corrective action plan.

(2) ERCOT may revoke any or all Ancillary Service qualifications of any Generation Resource or Load Resource for continued material non-performance in providing Ancillary Service capacity or energy.

8.5 Primary Frequency Response Requirements and Monitoring

8.5.1 Generation Resource and QSE Participation

8.5.1.1 Governor in Service

At all times an All-Inclusive Generation Resource is On-Line, its Governor must remain in service and be allowed to respond to all changes in system frequency except during startup, shutdown, or testing. A Generation Entity may not reduce Primary Frequency Response on an individual All-Inclusive Generation Resource even during abnormal conditions without ERCOT's consent (conveyed by way of the Generation Entity's Qualified Scheduling Entity (QSE)) unless equipment damage is imminent. All Generation Resources that have capacity available to either increase output or decrease output in Real-Time must provide Primary Frequency Response, which may make use of that available capacity. Only Generation Resources providing Regulation Up (Reg-Up), Regulation Down (Reg-Down), Responsive Reserve (RRS), or Non-Spinning Reserve (Non-Spin) from On-Line Resources, as specified in Section 8.1.1, QSE Ancillary Service Performance Standards, shall be required to reserve capacity that may also be used to provide Primary Frequency Response.

8.5.1.2 Reporting

(1) Each Generation Entity shall conduct applicable generating Governor tests on each of its Generation Resources as specified in the Operating Guides. Test results and other relevant information shall be reported to ERCOT and ERCOT shall forward results to the appropriate Transmission Service Providers (TSPs).

(2) Generation Resource Governor modeling information required in the ERCOT planning criteria must be determined from actual Generation Resource testing described in the Operating Guides. Within 30 days of ERCOT's request, the results of the latest test performed must be supplied to ERCOT and the connected TSP.

(3) When the Governor of a Generation Resource is out-of-service while the Resource is On-Line, the QSE shall promptly inform ERCOT. The QSE shall also supply Governor status logs to ERCOT upon request.

(4) If a Generation Resource trips Off-Line during a disturbance, as described by the North American Electric Reliability Corporation (NERC), while providing Primary Frequency Response, the QSE shall report the cause of the failure to ERCOT as soon as the cause has been identified.

8.5.1.3 Wind-powered Generation Resource (WGR) Primary Frequency Response

Wind-powered Generation Resources (WGRs) with Standard Generation Interconnection Agreements (SGIAs) signed after January 1, 2010 shall provide Primary Frequency Response to

frequency deviations from 60 Hz. The WGR automatic control system design shall have an adjustable dead band that can be set as specified in the ERCOT Operating Guides. The Primary Frequency Response shall be similar to the droop characteristic of 5% used by conventional steam generators. For WGRs with SGIAs executed on or prior to January 1, 2010, those not already equipped with Primary Frequency Response shall by December 1, 2011 acquire that capability. Those WGRs that cannot technically be retrofitted with Primary Frequency Response capability shall submit an attestation to ERCOT by June 1, 2010 explaining the technical infeasibility. At ERCOT's sole discretion, those WGRs for which Primary Frequency Response is technically infeasible may be granted a permanent exemption from the requirement. ERCOT shall make a determination within 180 days of receipt of the attestation. If ERCOT does not grant an exemption, the WGR shall acquire the capability to provide Primary Frequency Response within 24 months of being notified of that determination. If ERCOT grants the exemption, then ERCOT may require the WGR to install alternate measures, such as over-frequency relays, that are technically feasible and would approximate Primary Frequency Response to events above 60.1 Hz.

8.5.2 Primary Frequency Response Measurements

(1) For the purposes of this Section, the "A Point" is the last stable frequency value before a frequency disturbance. ERCOT shall determine the A Point frequency for each event using the following standards.

(a) For a decreasing frequency event with the last stable frequency value of 60 Hz or below, the actual frequency is used as the A Point.

(b) For a decreasing frequency event with the last stable frequency value between 60 Hz and 60.036 Hz, 60 Hz is used as the A Point.

(c) For a decreasing frequency event with the last stable frequency value above 60.036 Hz, actual frequency is used as the A Point.

(d) For an increasing frequency event with the last stable frequency value of 60 Hz or above, the actual frequency is used as the A Point.

(e) For an increasing frequency event with the last stable frequency between 59.964 and 60 Hz, 60 Hz will be used as the A Point.

(f) For an increasing frequency event with the last stable frequency value of 59.964 or below, the actual frequency is used as the A Point.

(2) For the purposes of this Section, the "C Point" is the lowest frequency value during the first five seconds of the event. ERCOT shall determine the C Point for each event.

(3) For the purposes of this Section, the "B Point" is the "recovery" frequency value after the C Point. The B Point should occur between ten and 30 seconds after the A Point, but not greater than 60 seconds after the A Point. ERCOT shall determine the B Point for each event.

(4) ERCOT, with the assistance of the appropriate ERCOT subcommittee, shall analyze whether Primary Frequency Response is sustained at 30 seconds following the B Point.

(5) ERCOT, with the assistance of the appropriate TAC subcommittee, shall analyze all Measurable Events for performance.

8.5.2.1 ERCOT Required Primary Frequency Response

(1) The combined response of all Generation Resources in ERCOT, averaged using the most recent six Measurable Events, must be at least 420 MW / 0.1 Hz. This value should be reviewed on an annual basis by ERCOT and the appropriate TAC subcommittee for ERCOT System reliability needs.

(2) ERCOT shall evaluate, with the assistance of the appropriate TAC subcommittee, Primary Frequency Response during Measurable Events. The actual Generation Resource response must be compiled to determine if adequate Primary Frequency Response was provided.

(3) ERCOT and the appropriate TAC subcommittee shall review each Measurable Event, verifying the accuracy of data. Data that is in question may be requested from the QSE for comparison or individual Generation Resource data may be retrieved from ERCOT's database.

8.5.2.2 ERCOT Data Collection

ERCOT shall collect all data necessary to analyze each Measurable Event.

ERCOT Nodal Protocols

Section 9: Settlement and Billing

October 1, 2013

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9 SETTLEMENT AND BILLING

9.1 General

9.1.1 Settlement and Billing Process Overview

Settlement is the process used to resolve financial obligations between a Market Participant and ERCOT, including administrative and miscellaneous charges. Settlement also provides Transmission Billing Determinants to Transmission Service Providers (TSPs) and Distribution Service Providers (DSPs). The Settlement and billing timeline and process for the Day-Ahead Market (DAM) is separate from the Settlement and billing timeline and process for the Day-Ahead Reliability Unit Commitment (DRUC) process, the Adjustment Period, and Real-Time operations (after this referred to together in this Section as the Real-Time Market).

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 the 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 Right (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 (CARD) 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.

9.1.3 Settlement Statement and Invoice Access

A Statement or Invoice Recipient may access its Settlement Statements or Invoices electronically, using either of the following methods:

(a) Secured entry on the MIS Certified Area;

(b) eXtensible Markup Language (XML) access to the MIS Certified Area.

9.1.4 Settlement Statement and Invoice Timing

Unless expressly stated otherwise, the publication of each Settlement Statement and Invoice can occur as late as 2400 on its scheduled publication date.

9.1.5 Settlement Payment Convention

A Settlement Statement or Invoice containing a negative amount represents a payment due by ERCOT to the Market Participant that received the Statement or Invoice. A Settlement Statement or Invoice containing a positive amount represents a payment due to ERCOT by the Market Participant that received the Statement or Invoice.

9.2 Settlement Statements for the Day-Ahead Market

9.2.1 Settlement Statement Process for the DAM

ERCOT shall produce daily Settlement Statements for the Day-Ahead Market (DAM), as defined in Section 9.2.2, Settlement Statements for the DAM, that show a breakdown of Charge Types incurred in the DAM, including any administrative and miscellaneous charges applicable to the DAM. "Charge Types" are the various categories of specific charges referenced in Section 9.15.1, Charge Type Matrix.

9.2.2 Settlement Statements for the DAM

(1) ERCOT shall make each Settlement Statement for a DAM available on the date specified on the Settlement Calendar for that DAM by posting it on the Market Information System (MIS) Certified Area for the applicable Market Participant to which the Settlement Statement is addressed (Statement Recipient).

(2) A Settlement Statement for the DAM can be:

(a) A "DAM Statement," which is the Settlement Statement issued for a particular DAM;

(b) A "DAM Resettlement Statement," which corrects a DAM Statement.

(3) The Statement Recipient is responsible for accessing the statement from the MIS Certified Area.

(4) ERCOT shall create a DAM Statement for each DAM.

(5) ERCOT may create a DAM Resettlement Statement for the DAM, depending on the criteria set forth in Section 9.2.5, DAM Resettlement Statement.

(6) Each Settlement Statement for the DAM must denote:

(a) The applicable Operating Day;

(b) The Statement Recipient's name;

(c) The ERCOT identifier (settlement identification number issued by ERCOT);

(d) Status of the statement (DAM Statement or DAM Resettlement Statement);

(e) Statement version number;

(f) Unique statement identification code; and

(g) Charge Types settled.

(7) Settlement Statements for the DAM must break fees down by Charge Types into the appropriate one-hour Settlement Interval for that type.

(8) The Settlement Statement for the DAM must have a summary page of the corresponding detailed documentation.

9.2.3 DAM Settlement Charge Types

ERCOT shall provide, on each Settlement Statement, the dollar amount for each DAM Settlement charge and payment. The DAM settlement "Charge Types" are:

(a) Section 4.6.2.1, Day-Ahead Energy Payment;

(b) Section 4.6.2.2, Day-Ahead Energy Charge;

(c) Section 4.6.2.3.1, Day-Ahead Make-Whole Payment;

(d) Section 4.6.2.3.2, Day-Ahead Make-Whole Charge;

(e) Section 4.6.3, Settlement for PTP Obligations Bought in DAM;

(f) Section 4.6.4.1.1, Regulation Up Service Payment;

(g) Section 4.6.4.1.2, Regulation Down Service Payment;

(h) Section 4.6.4.1.3, Responsive Reserve Service Payment;

(i) Section 4.6.4.1.4, Non-Spinning Reserve Service Payment;

(j) Section 4.6.4.2.1, Regulation Up Service Charge;

(k) Section 4.6.4.2.2, Regulation Down Service Charge;

(l) Section 4.6.4.2.3, Responsive Reserve Service Charge;

(m) Section 4.6.4.2.4, Non-Spinning Reserve Service Charge;

(n) Section 7.9.1.1, Payments and Charges for PTP Obligations Settled in DAM;

(o) Section 7.9.1.2, Payments for PTP Options Settled in DAM;

(p) Section 7.9.1.4, Payments for FGRs Settled in DAM;

(q) Section 7.9.1.5, Payments and Charges for PTP Obligations with Refund Settled in DAM;

(r) Section 7.9.1.6, Payments for PTP Options with Refund Settled in DAM; and

(s) Section 7.9.3.3, Shortfall Charges to CRR Owners, Item 2 and Item 4.

9.2.4 DAM Statement

ERCOT shall produce a DAM Statement for each Statement Recipient for the given DAM on the second Business Day after the Operating Day.

9.2.5 DAM Resettlement Statement

(1) ERCOT shall issue DAM Resettlement Statements for a given DAM if the ERCOT Board finds that the DAM Locational Marginal Prices (LMPs), Market Clearing Prices for Capacity (MCPCs), or Settlement Point Prices are significantly affected by a software or data error under Section 4.5.3, Communicating DAM Results. ERCOT shall also produce DAM Resettlement Statements required by resolution of Settlement and Billing disputes.

(2) ERCOT shall issue a DAM Resettlement Statement for a given DAM due to 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 DAM, excluding bilateral transactions. ERCOT shall issue DAM 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, Revision Request Process.

(3) ERCOT shall issue a DAM Resettlement Statement for an Operating Day if an error in the DAM Settlement, which does not otherwise meet the Protocol requirements for resettlement as specified in paragraphs (1) and (2) above, will prevent ERCOT from achieving revenue neutrality.

(4) A DAM Resettlement Statement must reflect differences to financial records generated on the previous Settlement Statement for the given DAM.

9.2.6 Notice of Resettlement for the DAM

While maintaining confidentiality of all Market Participants, ERCOT shall post a notice on the MIS Public Area no later than one Business Day after the declaration of the resettlement, indicating that the DAM for a specific Operating Day will be resettled and the date that the DAM Resettlement Statements for that DAM will be issued by ERCOT. ERCOT shall include the following information in the notice of resettlement:

(a) Detailed description of reason(s) for resettlement;

(b) For the applicable Operating Day;

(c) Affected Charge Types; and

(d) Total resettled amount, by Charge Type.

9.2.7 Confirmation of Statement for the DAM

It is the responsibility of each Statement Recipient to notify ERCOT if a Settlement Statement for the DAM is not available on the MIS Certified Area on the date specified for posting of that Settlement Statement in the Settlement Calendar. Each Settlement Statement for the DAM is deemed to have been available on the posting date specified on the Settlement Calendar, unless ERCOT is notified to the contrary. If ERCOT receives notice that a Settlement Statement is not available, ERCOT shall make reasonable attempts to provide the Settlement Statement to the Statement Recipient, and ERCOT shall modify the Settlement and billing timeline accordingly for that Settlement Statement.

9.2.8 Validation of the Settlement Statement for the DAM

The Statement Recipient is deemed to have validated each Settlement Statement for the DAM unless it has raised a Settlement and billing dispute under Section 9.14.

9.2.9 Suspension of Issuing Settlement Statements for the DAM

The ERCOT Board may direct ERCOT to suspend the issuance of any Settlement Statement for the DAM to address unusual circumstances. Any proposal to suspend settlements must be presented to the Technical Advisory Committee (TAC) for review and comment, in a reasonable manner under the circumstances, prior to such suspension.

9.3 *[RESERVED]*

9.4 *[RESERVED]*

9.5 Settlement Statements for Real-Time Market

9.5.1 Settlement Statement Process for the Real-Time Market

ERCOT shall produce daily Settlement Statements for the Real-Time Market (RTM), as defined in Section 9.5.2, Settlement Statements for the RTM, that show a breakdown of Charge Types incurred in the RTM, including any administrative and miscellaneous charges applicable to the RTM.

9.5.2 Settlement Statements for the RTM

(1) ERCOT shall make each Settlement Statement for the RTM for an Operating Day available on the date specified on the Settlement Calendar for that Operating Day by posting it to the Market Information System (MIS) Certified Area for the applicable Statement Recipient.

(2) A Settlement Statement for the RTM can be:

(a) An "RTM Initial Statement," which is the first iteration of a Settlement Statement issued for a particular Operating Day;

(b) An "RTM Final Statement," which is the statement issued at the end of the 57th day following the Operating Day;

(c) An "RTM Resettlement Statement," which is the statement using corrected Settlement data due to resolution of disputes and correction of data errors; or

(d) An "RTM True-Up Statement," which is a statement issued at the end of the 180th day after the Operating Day.

(3) The Statement Recipient is responsible for accessing the Statement from the MIS Certified Area.

(4) To issue an RTM Settlement Statement, ERCOT may use estimated, disputed, or calculated meter data.

(5) ERCOT shall create an RTM Initial Statement, RTM Final Statement, and RTM True-Up Statement for each Operating Day.

(6) ERCOT may create an RTM Resettlement Statement for any Operating Day, depending on the criteria set forth in Section 9.5.6, RTM Resettlement Statement. When actual validated data is available and all of the Settlement and billing disputes raised by Statement Recipients in accordance with Section 9.14.4, ERCOT Processing of Disputes, during the validation process have been resolved, ERCOT shall recalculate the amounts payable and receivable by the affected RTM Statement Recipients, as described in Section 9.5.6.

(7) Each RTM Settlement Statement must denote:

(a) Operating Day;

(b) The Statement Recipient's name;

(c) The ERCOT identifier (settlement identification number issued by ERCOT);

(d) Status of the statement (Initial, Final, Resettlement, or True-Up);

(e) Statement version number;

(f) Unique statement identification code; and

(g) Charge Types settled.

(8) A Settlement Statement for the RTM must break the fees down by Charge Type into the appropriate 15-minute or one-hour Settlement Interval for that type.

(9) An RTM Settlement Statement must have a summary page of the corresponding detailed documentation.

9.5.3 Real-Time Market Settlement Charge Types

(1) ERCOT shall provide, on each RTM Settlement Statement, the dollar amount for each RTM Settlement charge and payment. The RTM Settlement "Charge Types" are:

(a) Section 5.7.1, RUC Make-Whole Payment;

(b) Section 5.7.2, RUC Clawback Charge;

(c) Section 5.7.3, Payment When ERCOT Decommits a QSE-Committed Resource;

(d) Section 5.7.4.1, RUC Capacity-Short Charge;

(e) Section 5.7.4.2, RUC Make-Whole Uplift Charge;

(f) Section 5.7.5, RUC Clawback Payment;

(g) Section 5.7.6, RUC Decommitment Charge;

(h) Section 6.6.3.1, Real-Time Energy Imbalance Payment or Charge at a Resource Node;

(i) Section 6.6.3.2, Real-Time Energy Imbalance Payment or Charge at a Load Zone;

(j) Section 6.6.3.3, Real-Time Energy Imbalance Payment or Charge at a Hub;

(k) Section 6.6.3.4, Real-Time Energy Payment for DC Tie Import;

(l) Section 6.6.3.5, Real-Time Payment for a Block Load Transfer Point;

(m) Section 6.6.3.6, Real-Time Energy Charge for DC Tie Export Represented by the QSE Under the Oklaunion Exemption;

(n) Section 6.6.4, Real-Time Congestion Payment or Charge for Self-Schedules;

(o) Section 6.6.5.1.1, Base Point Deviation Charge for Over Generation;

(p) Section 6.6.5.1.2, Base Point Deviation Charge for Under Generation;

(q) Section 6.6.5.2, IRR Generation Resource Base Point Deviation Charge;

(r) Section 6.6.5.4, Base Point Deviation Payment;

(s) Section 6.6.6.1, RMR Standby Payment;

(t) Section 6.6.6.2, RMR Payment for Energy;

(u) Section 6.6.6.3, RMR Adjustment Charge;

(v) Section 6.6.6.4, RMR Charge for Unexcused Misconduct;

(w) Section 6.6.6.5, RMR Service Charge;

(x) Paragraph (2) of Section 6.6.7.1, Voltage Support Service Payments;

(y) Paragraph (4) of Section 6.6.7.1;

(z) Section 6.6.7.2, Voltage Support Charge;

(aa) Section 6.6.8.1, Black Start Hourly Standby Fee Payment;

(bb) Section 6.6.8.2, Black Start Capacity Charge;

(cc) Section 6.6.9.1, Payment for Emergency Power Increase Directed by ERCOT;

(dd) Section 6.6.9.2, Charge for Emergency Power Increases;

(ee) Section 6.6.10, Real-Time Revenue Neutrality Allocation;

(ff) Paragraph (a) of Section 6.7.1, Payments for Ancillary Service Capacity Sold in a Supplemental Ancillary Service Market;

(gg) Paragraph (b) of Section 6.7.1;

(hh) Paragraph (c) of Section 6.7.1;

(ii) Paragraph (d) of Section 6.7.1;

(jj) Paragraph (a) of Section 6.7.2, Charges for Ancillary Service Capacity Replaced Due to Failure to Provide;

(kk) Paragraph (b) of Section 6.7.2;

(ll) Paragraph (c) of Section 6.7.2;

(mm) Paragraph (d) of Section 6.7.2;

(nn) Paragraph (1) of Section 6.7.3, Adjustments to Cost Allocations for Ancillary Services Procurement;

(oo) Paragraph (2) of Section 6.7.3;

(pp) Paragraph (3) of Section 6.7.3;

(qq) Paragraph (4) of Section 6.7.3;

(rr) Section 7.9.2.1, Payments and Charges for PTP Obligations Settled in Real-Time;

(ss) Paragraph (3) of Section 7.9.3.3, Shortfall Charges to CRR Owners; and

(tt) Section 9.16.1, ERCOT System Administration Charge.

(2) In the event that ERCOT is unable to execute the Day-Ahead Market (DAM), ERCOT shall provide, on each RTM Settlement Statement, the dollar amount for the following RTM Congestion Revenue Right (CRR) Settlement charges and payments:

(a) Section 7.9.2.4, Payments for FGRs in Real-Time; and

(b) Section 7.9.2.5, Payments and Charges for PTP Obligations with Refund in Real-Time.

9.5.4 RTM Initial Statement

ERCOT shall issue an RTM Initial Statement for each Statement Recipient for a given Operating Day on the seventh day after the Operating Day, unless that seventh day is not a Business Day. If the seventh day is not a Business Day, then ERCOT shall issue the RTM Initial Statement on the next Business Day after the seventh day. Notwithstanding the above, for Operating Days that are observed holidays as defined in paragraphs (e) and (f) within the definition of Business Day in Section 2.1, Definitions, ERCOT shall issue an RTM Initial Statement for each Statement Recipient on the eighth day after the Operating Day, unless that eighth day is not a Business Day. If the eighth day is not a Business Day, then ERCOT shall issue the RTM Initial Statement on the next Business Day after the eighth day.

9.5.5 RTM Final Statement

(1) ERCOT shall issue an RTM Final Statement for each Statement Recipient for a given Operating Day on the 57th day after the Operating Day, unless that 57th day is not a Business Day. If the 57th day is not a Business Day, then ERCOT shall issue the RTM Final Statement on the first Business Day after the 57th day.

(2) An RTM Final Statement will reflect differences to financial records generated on the previous Settlement Statement for the given Operating Day.

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, Revision Request Process.

(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 affect 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 affect 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.

9.5.7 Notice of Resettlement for the Real-Time Market

While maintaining confidentiality of all Market Participants, ERCOT shall post a notice of resettlement for the RTM on the MIS Public Area within one Business Day after the declaration of the resettlement, indicating that a specific Operating Day will be resettled and the date that the RTM Resettlement Statements will be issued by ERCOT. ERCOT shall include the following information in the notice of resettlement:

(a) Detailed description of reason(s) for resettlement;

(b) Affected Operating Days;

(c) Affected settlement Charge Types; and

(d) Total resettled amount, by Charge Type.

9.5.8 RTM True-Up Statement

(1) ERCOT shall use the best available Settlement data, as described in Section 9.5.2, Settlement Statements for the RTM, to produce an RTM True-Up Statement for each Statement Recipient for each given Operating Day.

(2) ERCOT shall issue RTM True-Up Statements 180 days following the Operating Day, if ERCOT has received and validated usage data from at least 99% of the total number of Electric Service Identifiers (ESI IDs) with a BUSIDRRQ Load Profile Type code and if ERCOT has received and validated usage data from at least 90% of the total number of ESI IDs with a BUSIDRRQ Load Profile Type code from each Meter Reading Entity (MRE) representing at least 20 Interval Data Recorder (IDR) ESI IDs (IDR Meter Data Threshold). If the above conditions have not been met, then ERCOT shall issue RTM True-Up Statements as soon as the IDR Meter data becomes available for that Operating Day. If no RTM True-Up Statement has been issued 365 days after the Operating Day, then ERCOT shall issue a RTM True-Up Statement for that Operating Day. If any RTM True-Up Statement issuance date does not fall on a Business Day, then the RTM True-Up Statement must be issued by the end of the next Business Day after the RTM True-Up Settlement date.

(3) An RTM True-Up Statement will reflect differences to financial records generated on the previous Settlement Statement for the given Operating Day.

9.5.9 Notice of True-Up Settlement Timeline Changes for the Real-Time Market

(1) If the IDR Meter Data Threshold has not been met by the 180th day after the Operating Day (or, if the 180th day is not a Business Day, by the next day thereafter that is a Business Day), then ERCOT shall immediately post a notice of delay on the MIS Public Area of any RTM True-Up Statement issuance, indicating the IDR Meter Data Threshold has not been met.

(2) For any delayed RTM True-Up Statement, ERCOT shall post a notice of RTM True-Up Settlement on the MIS Public Area indicating that it will issue an RTM True-Up Statement for a specific Operating Day within two Business Days after discovering the delay. As soon as practicable, ERCOT shall post on the MIS Public Area the revised date on which the delayed RTM True-Up Statement will be issued.

9.5.10 Confirmation for the Real-Time Market

It is the responsibility of each Statement Recipient to notify ERCOT if a Settlement Statement for the RTM is not available on the MIS Certified Area on the date specified for posting of that Settlement Statement in the Settlement Calendar. Each Settlement Statement for the RTM is deemed to have been available on the posting date specified on the Settlement Calendar, unless it notifies ERCOT to the contrary. If ERCOT receives notice that a Settlement Statement is not available, ERCOT shall make reasonable attempts to provide the Settlement Statement to the Statement Recipient, and ERCOT shall modify the Settlement and billing timeline accordingly for that Settlement Statement.

9.5.11 Validation of the True-Up Statement for the Real-Time Market

The Statement Recipient is considered to have validated each RTM True-Up Statement unless it has filed a Settlement and billing dispute or reported an exception within ten Business Days after the RTM True-Up Statement has been posted on the MIS Certified Area.

9.5.12 Suspension of Issuing Settlement Statements for the Real-Time Market

The ERCOT Board may direct ERCOT to suspend the issuance of any Settlement Statement for the RTM to address unusual circumstances. Any proposal to suspend settlements must be presented to the Technical Advisory Committee (TAC) for review and comment, in a reasonable manner under the circumstances, before such suspension.

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 second Bank Business Day after the Settlement Invoice date, unless the second Bank Business Day is not a Business Day. If the second Bank Business Day is not a Business Day, the payment is due by 1700 on the next Bank Business Day after the second 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 (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

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 by Invoice Recipients.

9.7.3 Enforcing the Security of a Short-Paying Invoice Recipient

ERCOT shall make reasonable efforts to enforce the security of the short-paying Invoice Recipient (pursuant to Section 16.11.6, Payment Breach and Late Payments by Market Participants) to the extent necessary to cover the short-pay. A short-paying Invoice Recipient shall restore the level of its security under Section 16, Registration and Qualification of Market Participants.

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 EFT in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

(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.

[NPRR484: Replace paragraph (1) above with the following upon system implementation:]

(1) ERCOT shall prepare Invoices for awarded Congestion Revenue Rights (CRRs) that settle in the Prompt Month from all CRR Auctions (CRR Auction Invoice) on a net basis. Awarded CRRs for all other months will be collateralized as part of the Future Credit Exposure (FCE) calculation defined in Section 16.11.4.1, Determination of Total Potential Exposure for Counter-Party. Successful collateralization of future month CRRs equates to ownership of the CRRs for purposes of offering into subsequent auctions and bilateral trading, however, the CRR Auction Invoice responsibility for the CRRs remains with the original CRR Account Holder. Invoices must be issued on the first Business Day following the completion of a CRR Monthly 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. For future Auction Invoice responsibility that is collateralized but not paid for, ERCOT shall post on MIS Certified Area an extract of the amounts by CRR Account Holder.

(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.

(d) Section 7.7, Point-to-Point (PTP) Option Award Fee.

(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;

[NPRR484: Replace items (4)(c) and (4)(d) above with the following upon system implementation:]

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

(d) Time Period – the Prompt Month 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 Auctions, or of any applicable fee;

(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.

9.9 Payment Process for CRR Auction Invoices

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

[NPRR484: Replace Section 9.9 above with the following upon system implementation:]

9.9 Payment Process for CRR Auction Invoices

Payments for the Congestion Revenue Right (CRR) Auction are due for all Prompt Month CRRs on a Business Day and Bank Business Day basis in a two-day, two-step process as detailed below.

9.9.1 Invoice Recipient Payment to ERCOT for the CRR Auction

(1) The payment due date and time for the CRR Auction Invoice, with funds owed by an Invoice Recipient, is 1700 on the third Bank Business Day after the CRR Auction Invoice date, unless third Bank 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 CRR Auction Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

(3) All CRR Auction Invoices must be paid in full on the Invoice due date.

[NPRR484: Replace Section 9.9.1 above with the following upon system implementation:]

9.9.1 Invoice Recipient Payment to ERCOT for the Awarded CRRs Settling In Prompt Month

(1) The payment due date and time for the Invoice related to awarded CRRs that settle in the Prompt Month is 1700 on the third Bank Business Day after the CRR Monthly Auction Invoice date, unless third Bank 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 CRR Auction Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

(3) All CRR Auction Invoices must be paid in full on the Invoice due date.

9.9.2 ERCOT Payment to Invoice Recipients for the CRR Auction

(1) CRR Auction Invoices with funds owed to an Invoice Recipient must be paid by ERCOT to the Invoice Recipient by 1700 on the next day that is both a Business Day and a Bank Business Day after the day that payments are due for that CRR Auction Invoice under Section 9.9.1, Invoice Recipient Payment to ERCOT for the CRR Auction, subject to ERCOT's right to withhold payments under Section 16, Registration and Qualification of Market Participants or pursuant to the common law.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit, to each Invoice Recipient for same day value the amounts owed to each Invoice Recipient.

[NPRR484: Replace Section 9.9.2 above with the following upon system implementation:]

9.9.2 ERCOT Payment to Invoice Recipients for Awarded CRRs Settling in Prompt Month

(1) Awarded Prompt Month CRR Auction Invoices with funds owed to an Invoice Recipient must be paid by ERCOT to the Invoice Recipient by 1700 on the next day that is both a Business Day and a Bank Business Day after the day that payments are due for that CRR Auction Invoice under Section 9.9.1, Invoice Recipient Payment to ERCOT for the Awarded CRRs Settling In Prompt Month, subject to ERCOT's right to withhold payments under Section 16, Registration and Qualification of Market Participants, or pursuant to the common law.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit, to each Invoice Recipient for same day value the amounts owed to each Invoice Recipient.

9.9.3 Enforcing the Security of a Short-Paying CRR Auction Invoice Recipient

ERCOT shall make reasonable efforts to enforce the security of the short-paying Invoice Recipient (pursuant to Section 16.11.6, Payment Breach and Late Payments by Market Participants) to the extent necessary to cover the short-pay. A short-paying Invoice Recipient shall restore the level of its security under Section 16, Registration and Qualification of Market Participants.

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 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.

9.11 Payment Process for CRR Auction Revenue Distribution

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

9.11.1 Invoice Recipient Payment to ERCOT for CRR Auction Revenue Distribution

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

(2) All CARD Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

9.11.2 ERCOT Payment to Invoice Recipients for CRR Auction Revenue Distribution

(1) CARD Invoices with funds owed to an Invoice Recipient must be paid by ERCOT to the Invoice Recipient by 1700 on the next day that is both a Business Day and a Bank Business Day after the day that payments are due for that CARD Invoice under Section 9.11.1, Invoice Recipient Payment to ERCOT for CRR Auction Revenue Distribution, subject to ERCOT's right to withhold payments under Section 16 and pursuant to common law.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit, to each Invoice Recipient for same day value, the amounts owed to each Invoice Recipient.

9.11.3 Partial Payments by Invoice Recipients for CRR Auction Revenue Distribution

If at least one Invoice Recipient owing funds does not pay its CARD Invoice in full (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 before any payments owed by ERCOT for that month's

distribution of CRR Auction Revenues is 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.

(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 payment shortages by that Invoice Recipient.

(d) If, after taking the actions set forth in paragraph (a), (b) and (c), above, ERCOT still does not have sufficient funds to pay all amounts that it owes to CARD Invoice Recipients in full, ERCOT shall reduce payments to all CARD Invoice Recipients owed monies from ERCOT. The reductions shall be based on a pro rata basis of monies owed to each CARD 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 payments 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 CARD Invoice.

9.11.4 Enforcing the Security of a Short-Paying CARD Invoice Recipient

ERCOT shall make reasonable efforts to enforce the security of the short-paying Invoice Recipient (pursuant to Section 16.11.6) to the extent necessary to cover the short-pay. A short-paying Invoice Recipient shall restore the level of its security under Section 16.

9.12 CRR Balancing Account Invoices

(1) ERCOT shall prepare Settlement Invoices for the Congestion Revenue Right (CRR) Balancing Account (CRRBA) 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 prepare resettlement Invoices in the event that the balance in the CRRBA for the month changes due to a Day-Ahead Market (DAM) resettlement after the initial balancing account Invoices for that month have been posted as specified in the Settlement Calendar. The Monthly Load Ratio Share (MLRS) as described in Section 7.9.3.5, CRR Balancing Account Closure, used for the resettlement CRRBA Invoice will be the same one used for the initial balancing account Invoices. A resettlement CRRBA Invoice will

reflect differences to financial records generated on the previous CRRBA Invoice for a given month.

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

(4) ERCOT shall post on the MIS Certified Area for each Invoice Recipient a CRRBA Invoice based on the calculations located in Sections 7.9.3.4, Monthly Refunds to Short-Paid CRR Owners, and 7.9.3.5.

(5) CRRBA 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.

(6) Each Invoice Recipient shall receive any credit shown on the CRRBA Invoice on the payment due date. Credit shown on the CRRBA Invoice will be paid on due date whether or not there is any Settlement and billing dispute regarding the amount of the payment.

9.13 Payment Process for the CRR Balancing Account

9.13.1 Payment Process for the Initial CRR Balancing Account

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

(a) 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 CRRBA Invoice based on amounts due:

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

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

(b) 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.

9.13.2 Payment Process for Resettlement of the CRR Balancing Account

In the event that a resettlement CRRBA Invoice is required, payments for the resettlement CRRBA Invoice are due on a Business Day and Bank Business Day basis in a two-day, two-step process as detailed below in Section 9.13.2.1, Invoice Recipient Payment to ERCOT for Resettlement of the CRR Balancing Account.

9.13.2.1 Invoice Recipient Payment to ERCOT for Resettlement of the CRR Balancing Account

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

(2) All resettlement CRRBA Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

9.13.2.2 ERCOT Payment to Invoice Recipients for Resettlement of the CRR Balancing Account

(1) Resettlement CRRBA Invoices with funds owed to an Invoice Recipient must be paid by ERCOT to the Invoice Recipient by 1700 on the next day that is both a Business Day and a Bank Business Day after the day that payments are due for that resettlement CRRBA Invoice as described in paragraph (1) of Section 9.13.2.1, Invoice Recipient Payment to ERCOT for Resettlement of CRR Balancing Account. The Invoice Recipient payment to

ERCOT for resettlement of the CRRBA is subject to ERCOT's right to withhold payments under Section 16, Registration and Qualification of Market Participants.

(2) ERCOT shall give irrevocable instructions to the ERCOT financial institution to remit to each Invoice Recipient for same day value, the amounts owed to each Invoice Recipient.

9.13.2.3 Partial Payments by Invoice Recipients for Resettlement of CRR Balancing Account

(1) If at least one Invoice Recipient owing funds does not pay its resettlement CRRBA Invoice in full (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 before any payments owed by ERCOT for that month's distribution of resettlement CRRBA revenues is 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.

(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 payment shortages by that Invoice Recipient.

(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 resettlement CRRBA Invoice Recipients in full, ERCOT shall reduce payments to all resettlement CRRBA Invoice Recipients owed monies from ERCOT. The reductions shall be based on a pro rata basis of monies owed to each resettlement CRRBA 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 payments 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 resettlement CRRBA Invoice.

9.14 Settlement and Billing Dispute Process

9.14.1 Data Review, Validation, Confirmation, and Dispute of Settlement Statements

Settlement Statement Recipients and Invoice Recipients for the Day-Ahead Market (DAM), Real-Time Market (RTM), and Congestion Revenue Right (CRR) Auction are responsible for reviewing their Settlement Statements and Settlement Invoices to verify the accuracy of the data used to produce them. Settlement Statement Recipients and Invoice Recipients must submit any dispute related to a Settlement Statement or Settlement Invoice pursuant to this Section.

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 Settlement 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 Settlement 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, the RTM True-Up Statement binds the Settlement Statement Recipient to which it relates unless ERCOT issues a subsequent Resettlement Statement pursuant to this Section.

(4) 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.

(5) 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.

(6) The Settlement 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 Settlement 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 Settlement Statement Recipient to which it relates unless ERCOT issues a subsequent Resettlement Statement.

(7) A CRR Auction Invoice, CRR Auction Revenue Distribution (CARD) Invoice, or CRR Balancing Account Invoice Recipient may dispute elements of an Invoice that are contained on the Invoice. The Invoice Recipient must file the CRR Invoice dispute within ten Business Days of the date on which ERCOT posted the Invoice.

9.14.3 Contents of Notice

(1) ERCOT shall reject a dispute that does not contain the data elements listed in this Section.

(2) ERCOT shall provide automatic field population techniques or drop-down boxes for appropriate data elements below. The notice of Settlement and billing dispute must state clearly:

(a) Disputing Entity;

(b) Dispute contact person(s);

(c) Dispute contact information;

(d) Operating Day or Invoice date in dispute;

(e) Charge Type;

(f) Time period in dispute;

(g) Amount in dispute;

(h) Settlement and billing dispute type; and

(i) Reasons for the dispute.

(3) Each Settlement and billing dispute must specify an Operating Day or Invoice date and a Charge Type. If a condition causing a dispute affects multiple Operating Days or Charge Types, a Settlement Statement Recipient or Invoice Recipient may file a dispute form for each Charge Type for one or more Operating Days affected on a single dispute that are all in the same calendar month.

(4) A Settlement Statement Recipient or Invoice Recipient may pursue the dispute through any process provided by ERCOT for resolving differences in Settlement determinants.

(5) Forms for entering a Settlement and billing dispute must be provided on the MIS Certified Area.

(6) The Market Participant must submit the Settlement and billing dispute to ERCOT with sufficient evidence to support the claim.

(7) The Market Participant must submit a dispute using an ERCOT-approved electronic format. ERCOT shall provide a dispute tracking identifier to the Settlement Statement Recipient or Invoice Recipient.

9.14.4 ERCOT Processing of Disputes

(1) ERCOT shall process disputes in accordance with this Section, Section 9.14.2, Notice of Dispute, and the required data in Section 9.14.3, Contents of Notice.

(2) If ERCOT requires additional data to resolve the dispute, ERCOT shall send the Settlement Statement Recipient or Invoice Recipient a list of the required additional data within seven Business Days of the date the dispute was filed. The Settlement Statement Recipient or Invoice Recipient shall respond with the entire set of required data within five Business Days of ERCOT's request or by a date agreed upon by ERCOT and the Market Participant that is no later than eight Business Days prior to the posting of the True-Up Settlement Statement for the disputed Operating Day. If ERCOT does not receive the data within that time frame, ERCOT shall deny the dispute.

(3) On each Business Day, ERCOT shall issue an aggregated Settlement and billing dispute resolution report on the MIS Secure Area containing information related to all disputes that are not yet closed or that have been closed recently. Additionally, on each Business Day and for each Settlement Statement Recipient or Invoice Recipient, ERCOT shall issue a report on the MIS Certified Area containing details about each dispute that is not yet closed or that has been closed recently.

(4) ERCOT shall make all reasonable attempts to complete all RTM Settlement and billing disputes submitted within 15 Business Days of the issuance of the RTM Initial Statement in time for inclusion on the RTM Final Statement for the relevant Operating Day.

(5) All complete disputes of the DAM received within ten Business Days after ERCOT posts that day's DAM Settlement Statement will be included in a Resettlement of the DAM Operating Day under Section 9.2.5, DAM Resettlement Statement.

(6) For Settlement and billing disputes requiring complex research or additional time for resolution, ERCOT shall notify the Invoice Recipient or Settlement Statement Recipient of the length of time expected to research and resolve those disputes and, if ERCOT grants a portion or all of the dispute, ERCOT shall post the necessary adjustments on the next available Settlement Statement for the Operating Day.

(7) Settlement Statement Recipients or Invoice Recipients have the right to proceed to the Alternative Dispute Resolution (ADR) process in Section 20, Alternative Dispute Resolution Procedure, for filed disputes that cannot be resolved through the Settlement and billing dispute process outlined in Section 9.14, Settlement and Billing Dispute Process.

(8) All complete disputes of the CRR Market received within ten Business Days after ERCOT posts that day's CRR Settlement Statement will be resolved as soon as practicable.

9.14.4.1 Status of Dispute

ERCOT will assign a status to each dispute as defined in the following Sections.

9.14.4.1.1 Not Started

The status of a Settlement and billing dispute will initially be set to "Not Started" when the Market Participant enters the dispute into the ERCOT dispute resolution system.

9.14.4.1.2 Open

The status of a Settlement and billing dispute is set to "Open" when the Settlement Statement or Invoice Recipient submits a dispute to ERCOT and ERCOT begins the resolution process.

9.14.4.1.3 Closed

When the status is set to "Closed," no updates or additions are permitted to the dispute record. The status of the dispute is "Closed" when one of the following conditions occurs:

(a) If, after 45 days from receiving notice of a denied dispute, the Settlement Statement Recipient or Invoice Recipient does not begin the ADR process, ERCOT will close the dispute.

(b) If ERCOT grants a Settlement and billing dispute, ERCOT will close the dispute no sooner than the date ERCOT publishes the next available Settlement Statement or Invoice for the associated Operating Day.

(c) If ERCOT grants a dispute with exceptions, ERCOT will close the dispute no sooner than ten Business Days after ERCOT publishes the resolution. If the Settlement Statement Recipient or Invoice Recipient disagrees with ERCOT's exceptions, ERCOT will close dispute upon completion of further investigation and resolution in accordance with Section 9.14.4.2.3, Granted with Exceptions.

9.14.4.1.4 Rejected

ERCOT shall set the status of a Settlement and billing dispute to "Rejected" when one of the following circumstances is met:

(a) The dispute is filed late, unless filed in accordance with paragraph (5) of Section 9.14.2, Notice of Dispute, due to an expiration of confidentiality as defined under Section 1.3.3, Expiration of Confidentiality.

(b) During the 20 Business Days before the scheduled date for issuance of the RTM True-Up Statement for that Operating Day.

(c) The dispute does not contain the required data as set forth in Section 9.14.3, Contents of Notice. ERCOT shall provide specific Protocol language supporting the reasons that data provided by the Settlement Statement Recipient or Invoice Recipient is insufficient. If able to do so timely, an Invoice Recipient or Settlement Statement Recipient may resubmit the dispute with additional information under Section 9.14.2. Once the Settlement Statement Recipient or Invoice Recipient submits the required information and ERCOT determines the Settlement and billing dispute is timely and complete, the dispute status is changed to "Open."

9.14.4.1.5 Withdrawn

A Market Participant who submitted a Settlement and billing dispute may withdraw that dispute at any time. If withdrawal occurs, the Dispute status is set to "Withdrawn" and any research and resolution activities on that dispute will cease.

9.14.4.1.6 ADR

A Settlement and billing dispute status will be set to "ADR" if the Market Participant enters the ADR process as the result of the dispute. The dispute will remain in the ADR status as long as the Market Participant has an active ADR. At the end of the ADR process, ERCOT will set the dispute status to "Closed".

9.14.4.2 Resolution of Dispute

Each resolved dispute will have a resolution as defined in the following Sections.

9.14.4.2.1 Denied

(1) If ERCOT concludes that the Settlement Statement or Invoice is correct, ERCOT shall deny the Settlement and billing dispute. ERCOT shall notify the Settlement Statement Recipient or Invoice Recipient when it denies a Settlement and billing dispute and provide the Settlement Statement Recipient or Invoice Recipient the reasons and supporting data for the denial, while maintaining the confidentiality of Protected Information.

(2) If the Settlement Statement Recipient or Invoice Recipient is not satisfied with the outcome of a denied Settlement and billing dispute, the Settlement Statement Recipient or Invoice Recipient may proceed to ADR as described in Section 20, Alternative Dispute Resolution Procedure.

9.14.4.2.2 Granted

When ERCOT determines that the disputed Settlement Statement or Invoice are in error as alleged in the Settlement and billing dispute, ERCOT shall grant the Settlement and billing dispute and notify the Settlement Statement or Invoice Recipient of the resolution and provide it the reasons and supporting data for resolution, while maintaining the confidentiality of Protected Information. ERCOT shall notify all other Settlement Statement or Invoice Recipients of the financial impact of granted disputes. Upon resolution of the issue, ERCOT shall process the dispute's resolution on the next available Settlement Statement for the affected Operating Day.

9.14.4.2.3 Granted with Exceptions

(1) ERCOT may determine that a Settlement and billing dispute is "Granted with Exceptions" when ERCOT deems the basis for the Settlement and billing dispute partially correct. ERCOT shall provide the exception information to the Settlement Statement or Invoice Recipient. ERCOT shall notify the Settlement Statement or Invoice Recipient of the "Granted with Exceptions" resolution and shall provide the reasons and supporting data, while maintaining the confidentiality of Protected Information for the resolution. ERCOT shall notify all other Qualified Scheduling Entities (QSEs) of the financial impact of "Granted with Exceptions" disputes and which Invoices are affected. The Settlement Statement or Invoice Recipient of the dispute granted with exceptions shall acknowledge receipt of the notice within ten Business Days after ERCOT publishes the resolution as "Granted with Exceptions". The acknowledgement must indicate acceptance or rejection of the documented exceptions to the granting of the dispute. If the Settlement Statement or Invoice Recipient does not timely reject the dispute outcome, it shall be deemed accepted. If the Market Participant accepts the exceptions, ERCOT

shall post the necessary adjustments on the next available Settlement Statement for the affected Operating Day.

(2) If a Settlement Invoice or Statement Recipient rejects the outcome of a dispute "Granted with Exceptions," ERCOT must investigate the dispute further. ERCOT must include the granted portion of the dispute on the next Settlement Statement for the affected Operating Day and notify all other Settlement Statement or Invoice Recipients of the financial impact of the granted portion of the dispute. After further investigation, if ERCOT subsequently grants the Settlement and billing dispute, ERCOT must process the dispute on the next available Settlement Statement for the affected Operating Day. ERCOT shall notify all other Settlement Statement or Invoice Recipients of the financial impact of the granted portion of the dispute. If exceptions to the dispute still exist, the Settlement Statement or Invoice Recipient may either accept the dispute for resolution as "Granted with Exceptions" or begin ADR according to Section 20, Alternative Dispute Resolution Procedure.

9.14.5 Settlement of Emergency Response Service

(1) ERCOT shall post the settlement for each Emergency Response Service (ERS) Time Period in an ERS Contract Period 20 days after the final Settlement of the last Operating Day of the ERS Standard Contract Term is posted, as described in paragraph (1) of Section 9.5.5, RTM Final Statement. If the 20th day is not a Business Day, ERCOT will post the ERS Settlement on the next Business Day thereafter. All disputes for the Settlement of the ERS Contract Period are due ten Business Days after the date that the ERS settlement was posted. ERCOT shall resolve any approved disputes upon resettlement of the ERS Contract Period, as described in paragraph (2) below.

(2) ERCOT shall post the resettlement for each ERS Time Period in an ERS Contract Period on the True-Up Settlement for the Operating Day on which the charge was first settled as described in paragraph (1) above. ERS disputes filed based on a change in Load after the True-Up Settlement will be approved only if the QSE's Load changes by 10% or more. ERCOT shall resolve any approved ERS disputes no later than 30 Business Days after the date that the ERS resettlement was posted.

9.14.6 Disputes for Operations Decisions

Settlement Statement or Invoice Recipients may not dispute a Settlement Statement or Invoice due to a decision made by ERCOT in its operation of the ERCOT System, unless the Market Participant alleged the decision violated these Protocols. Inquiries or disputes concerning such decisions, Protocols, or Operating Guides must be handled through the Protocol change process set forth in Section 21, Revision Request Process.

9.14.7 Disputes for RUC Make-Whole Payment for Exceptional Fuel Costs

(1) If the actual price paid for delivered natural gas for a specific Resource during a Reliability Unit Commitment (RUC)-Committed Interval is greater than Fuel Index Price (FIP) * 1.X, then the QSE may file a Settlement dispute for that Resource's RUC Make-Whole Payment. The maximum amount that may be recovered through this dispute process is the difference between the RUC Guarantee based on the actual price paid and a fuel price of FIP * 1.X. The QSE must provide documentation (invoices) that identifies intra-day costs of natural gas consumed during the RUC-Committed Interval. Such documentation is necessary to justify recovery of natural gas costs, which is limited to the actual fuel amount (MMBtus) consumed during RUC-Committed Intervals. All documentation submitted by the QSE for natural gas costs incurred intra-day must show a nexus from the seller or distributor of natural gas products to the QSE, Resource Entity or Generation Entity as the ultimate buyer. The QSE must demonstrate that the seller or distributor has procured natural gas fuel intra-day. Power Purchase or Tolling Agreements (PPAs) filed as documentation of proof of fuel costs will not be accepted unless it meets the criteria in paragraph (4) below.

(2) If the actual price paid for the delivered fuel oil used to replace oil consumed during a RUC-Committed Interval is greater than Fuel Oil Price (FOP), then the QSE may file a Settlement dispute for the Resource's RUC Make-Whole Payment. The QSE must provide documentation that identifies purchases of fuel oil by the QSE, Resource Entity or Generation Entity to replace oil consumed for a RUC-Committed Interval. In addition, the QSE must provide proof that the Resource actually consumed fuel oil during the RUC-Committed Interval. Proof of actual consumption may be based on the Resource's technical specifications or flow meters as appropriate. Documentation of fuel oil purchases must show that these were made no later than seven Business Days after the end of the last consecutive RUC-Committed Interval. Such documentation is necessary to justify recovery of replacement fuel oil costs which is limited to the actual gallons/barrels of fuel oil consumed during RUC-Committed Intervals.

(3) If the QSE representing the Generation Resource made a Three-Part Supply Offer into the DAM based on FIP and had to run on fuel oil in a RUC-Committed Hour, the QSE may file a Settlement dispute to recover the difference between the RUC Guarantee based actual price paid for delivered fuel oil minus the offer price.

(4) A QSE submitting documents for the recovery of fuel costs for RUC deployments other than those specifically discussed in paragraph (1) above must either:

(a) Request to have such documents approved by the ERCOT Board during an Executive Session at the next regularly scheduled meeting of the ERCOT Board. If the ERCOT Board approves the inclusion of such documentation as proof of fuel purchases, the QSE must file a Nodal Protocol Revision Request (NPRR) in accordance with Section 21, Revision Request Process, to add this category of documentation to the process for approval of RUC Make-Whole Payments; or

(b) Have incurred the cost of the fuel with a PPA signed prior to July 16, 2008 that is not between Affiliates, subsidiaries, or partners.

9.14.8 Disputes for Settlement Application of Integrated Telemetry for Split Generation Resources

Settlement and billing disputes related to application of integrated Real-Time telemetry of MW or MVAr from a Generation Resource that has been split to function as two or more Split Generation Resources require a signed affidavit by all QSEs representing associated Split Generation Resources. Data values submitted with the affidavit must be integrated to the applicable Settlement Interval format related to the Settlement and billing charge type in dispute.

9.15 Settlement Charges

The calculations to be used for Settlement charges are contained in Section 4, Day-Ahead Operations, Section 5, Transmission Security Analysis and Reliability Unit Commitment, Section 6, Adjustment Period and Real-Time Operations, Section 7, Congestion Revenue Rights, and Section 9, Settlement and Billing.

9.15.1 Charge Type Matrix

ERCOT shall post a Charge Type Matrix on the MIS Public Area that summarizes each Charge Type by variable name used in the Protocols, description, and Protocol section number reference. ERCOT post changes to this Charge Type matrix at least ten days before implementation of change.

9.16 Administrative Fees

The ERCOT Board shall determine, subject to PUCT approval, the administrative fees, as described in this Section 9.16 and ERCOT shall post them on the MIS Public Area within two Business Days following PUCT approval.

9.16.1 ERCOT System Administration Charge

Each QSE shall pay an ERCOT System Administration Charge to administer the RTM market. The ERCOT System Administration Charge is for each 15-minute Settlement Interval for each QSE.

$$\mathbf{ESACAMT}_{q} = \mathbf{LAFF} * \sum_{p} \mathbf{RTAML}_{q,p}$$

The above variables are defined as follows:

Variable	Unit	Definition

Variable	Unit	Definition
ESACAMT $_q$	**$**	***ERCOT System Administration Charge***—The ERCOT System Administration Charge for each QSE per 15-minute Settlement Interval.
RTAML $_{q, p}$	**MWh**	*Real-Time Adjusted Metered Load*— The sum of the Adjusted Metered Load at the Electrical Buses included in Settlement Point *p*, represented by QSE *q*, for the 15-minute Settlement Interval.
LAFF	**$/MWh**	***Load Administration Fee Factor***—The ERCOT System administration fee rate in dollars per MWh.
q	***none***	*A QSE*
p	***none***	*A Settlement Point*

9.16.2 Application Fee

Each Entity that applies to become a registered Market Participant must pay any application fee under Section 16, Registration and Qualification of Market Participants.

9.16.3 Private Wide Area Network Fees

A Market Participant connected to the Wide Area Network (WAN) shall pay a one-time installation fee and monthly maintenance fees related to access to the WAN as approved by the ERCOT Board. This fee is separate from the ERCOT System administration charge.

9.17 Transmission Billing Determinant Calculation

ERCOT shall provide Market Participants with the key parameters and formula components required by a Transmission Service Provider (TSP) or Distribution Service Provider (DSP) in determining the billing charges for the use of its Transmission Facilities or Distribution Facilities ("Transmission Billing Determinants"). ERCOT is not responsible for billing, collection, or disbursal of payments associated with transmission access service.

9.17.1 Billing Determinant Data Elements

(1) ERCOT shall calculate and provide to Market Participants on the Market Information System (MIS) Public Area the following data elements annually to be used by TSPs and DSPs as billing determinants for transmission access service. This data must be provided by December first of each year. This calculation must be made under the requirements of P.U.C. SUBST. R. 25.192, Transmission Service Rates. The data that is used to perform these calculations must come from the same systems used to calculate Settlement-billing determinants used by ERCOT.

(a) The 4-Coincident Peak (4-CP) for each DSP, as applicable;

(b) The ERCOT average 4-CP;

(c) The average 4-CP for each DSP, as applicable, coincident to the ERCOT average 4-CP.

(2) Average 4-CP is defined as the average Settlement Interval coincidental MW peak occurring during the months of June, July, August, and September.

(3) Settlement Interval coincidental MW peak is defined as the highest monthly 15-minute MW peak for the entire ERCOT Transmission Grid as captured by the ERCOT Settlement system, excluding Block Load Transfer (BLT) and Direct Current Tie (DC Tie) exports and Wholesale Storage Load (WSL).

9.17.2 Direct Current Tie Schedule Information

(1) By the seventh Business Day of each month, ERCOT shall provide the requesting TSP or DSP data pertaining to transactions over the DC Ties for the immediately preceding month. For each transaction, the following Electronic Tag (e-Tag) data must be provided, at a minimum:

(a) Tagging identifier (Tag Code);

(b) Date of transaction;

(c) Start and stop times;

(d) Megawatt-hours (MWh) actually transferred;

(e) Sending Generation Control Area (GCA);

(f) Receiving Load Control Area (LCA);

(g) Purchasing / Scheduling Entity (PSE);

(h) Entity scheduling the export of power over a DC Tie; and

(i) Status of Transaction (Implement, Withdrawn, Cancelled, Conditional, etc.).

(2) ERCOT shall maintain and provide the requesting TSP or DSP data pertaining to transactions over the DC Ties for the period from June 2001 to the present. For each transaction, the same data as specified in paragraph (1) above, must be provided.

9.18 Profile Development Cost Recovery Fee for Non-ERCOT Sponsored Load Profile Segment

(1) Paragraph (e)(3) of P.U.C. SUBST. R. 25.131, Load Profiling and Load Research, requires that ERCOT establish and implement a process to collect a fee from any Retail Electric

Provider (REP) who seeks to assign customers to a non-ERCOT sponsored profile segment. The process must include a method for other REPs who use the profile segment to compensate the original requestor of the new profile segment and for ERCOT to notify Distribution Service Providers (DSPs) which REPs are authorized to use the new profile segment. This profile development cost recovery fee is overseen by ERCOT.

(2) Within 30 days after a profile segment receives final approval from ERCOT, the requestor shall submit to ERCOT documentation of the costs it incurred in developing the profile segment change request. All such documentation must be available for review by any Market Participant. Any costs submitted more than 30 days after approval of the profile segment will not be recoverable. Recoverable costs must be directly attributable to the creation of the profile segment change request, incurred no earlier than 24 months preceding the original submission date of the profile segment change request, and must be further limited to:

(a) Costs for Load research as paid to DSPs or ERCOT, documented by a copy of all DSP or ERCOT Invoices or other evidence of payment, including but not limited to:

(i) Buying and installing Interval Data Recorders (IDRs);

(ii) Installing communication equipment such as phone lines or cell phones; and

(iii) Reading the meters and translating the data.

(b) Reasonable costs paid to third parties, including a copy of all third-party invoices or other documentary evidence of payment, including:

(i) Defining the request, such as identifying population, profile, data, etc.;

(ii) Preparing the request, such as collecting and analyzing data and presenting the case; and

(iii) Undertaking the review process such as meeting with ERCOT, Profiling Working Group (PWG), Retail Market Subcommittee (RMS), Technical Advisory Committee (TAC), and the ERCOT Board.

(c) Requestor's reasonable internal documented costs itemizing all persons, hours, and other expenses associated with developing the request per paragraphs (1) and (2) above.

(3) Within 60 days after ERCOT approves a profile segment, ERCOT shall evaluate the costs submitted and shall disallow any costs not meeting these criteria. The remaining costs must comprise the total reimbursable cost. Within the same 60-day period, ERCOT shall post a report on the Market Information System (MIS) Public Area summarizing the allowed expenses by paragraphs (1) and (2) above. If a Market Participant, including the requestor, disagrees with the ERCOT determination with respect to the total reimbursable

cost, the Market Participant may submit a dispute as outlined in Section 20, Alternative Dispute Resolution Procedure. No disputes may be submitted after 45 days from posting of the total reimbursable cost to the MIS Public Area.

(4) The fee is calculated as follows:

If a REP is the requestor, then: FEE = $C / n

If the requestor is not a REP, then:

FEE = $C / (n + 1)

The above variables are defined as follows:

Variable	Definition
n	The number of REPs subscribing to the profile segment
$C	The total reimbursable cost

(5) The fee must be paid by each successive subscribing REP to the requestor and any previous subscribing REPs per instructions and validation by ERCOT. As additional REPs subscribe to the profile segment, the fee is recalculated and reallocated equally among all subscribing REPs and the requestor, if the requestor is not a REP.

(6) Beginning four years after the date on which the profile segment becomes available for Settlement, any REP may request assignment of Electric Service Identifiers (ESI IDs) to the profile segment without being assessed the profile development cost recovery fee.

9.19 Partial Payments by Invoice Recipients

(1) 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 5% 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 Congestion Revenue Right (CRR) shortfall charges as specified in paragraph (3) of Section 7.9.3.3, Shortfall Charges to CRR Owners, and the 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. 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:

$$\mathbf{DURSCP}_{cp} = \mathbf{TSPA} * \mathbf{MMARS}_{cp}$$

Where:

$$MMARS_{cp} = MMA_{cp} / MMATOT$$

$$MMA_{cp} = Max \{ \sum_{mp} (URTMG_{mp} + URTDCIMP_{mp}),$$

$$\sum_{mp} URTAML_{mp},$$

$$\sum_{mp} URTQQES_{mp},$$

$\sum_{mp}$ URTQQEP $_{mp,}$

$\sum_{mp}$ UDAES $_{mp,}$

$\sum_{mp}$ UDAEP $_{mp,}$

$\sum_{mp}$ (URTOBL $_{mp}$ + URTOBLLO $_{mp}$),

$\sum_{mp}$ (UDAOPT $_{mp}$ + UDAOBL $_{mp}$ + UOPTS $_{mp}$ + UOBLS $_{mp}$),

$\sum_{mp}$ (UOPTP $_{mp}$ + UOBLP $_{mp}$)}

MMATOT = $\sum_{cp}$ (MMA$_{cp}$)

Where:

URTMG $_{mp}$ = $\sum_{p, r, i}$ (RTMG $_{mp, p, r, i}$), excluding RTMG for RMR Resources and RTMG in Reliability Unit Commitment (RUC)-Committed Intervals for RUC-committed Resources

URTDCIMP $_{mp}$ = $\sum_{p, i}$ (RTDCIMP $_{mp, p, i}$) / 4

URTAML $_{mp}$ = $\sum_{p, i}$ (RTAML $_{mp, p, i}$)

URTQQES $_{mp}$ = $\sum_{p, i}$ (RTQQES $_{mp, p, i}$) / 4

URTQQEP $_{mp}$ = $\sum_{p, i}$ (RTQQEP $_{mp, p, i}$) / 4

UDAES $_{mp}$ = $\sum_{p, h}$ (DAES $_{mp, p, h}$)

UDAEP $_{mp}$ = $\sum_{p, h}$ (DAEP $_{mp, p, h}$)

URTOBL $_{mp}$ = $\sum_{(j, k), h}$ (RTOBL $_{mp, (j, k), h}$)

URTOBLLO $_{mp}$ = $\sum_{(j, k), h}$ (RTOBLLO $_{mp, (j, k), h}$)

UDAOPT $_{mp}$ = $\sum_{(j, k), h}$ (DAOPT $_{mp, (j, k), h}$)

UDAOBL $_{mp}$ = $\sum_{(j, k), h}$ (DAOBL $_{mp, (j, k), h}$)

UOPTS $_{mp}$ = $\sum_{(j, k), h}$ (OPTS $_{mp, (j, k), h}$)

UOBLS $_{mp}$ = $\sum_{(j, k), h}$ (OBLS $_{mp, (j, k), h}$)

UOPTP $_{mp}$ = $\sum_{(j, k), h}$ (OPTP $_{mp, j, h}$)

UOBLP $_{mp}$ = $\sum_{(j, k), h}$ (OBLP $_{mp, (j, k), h}$)

The above variables are defined as follows:

Variable	Unit	Definition
$DURSCP_{cp}$	$	*Default Uplift Ratio Share per Counter-Party*—The Counter-Party's pro rata portion of the total short-pay amount for all Day-Ahead Market (DAM) and Real-Time Market (RTM) Invoices for a month.
TSPA	$	*Total Short Pay Amount*—The total short-pay amount calculated by ERCOT to be collected through the Default Uplift Invoice process.
$MMARS_{cp}$	None	*Maximum MWh Activity Ratio Share*—The Counter-Party's pro rata share of Maximum MWh Activity.
MMA_{cp}	MWh	*Maximum MWh Activity*—The maximum MWh activity of all Market Participants represented by the Counter-Party in the DAM, RTM and CRR Auction for a month.
MMATOT	MWh	*Maximum MWh Activity Total*—The sum of all Counter-Party's Maximum MWh Activity.
$RTMG_{mp, p, r, i}$	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.

Variable	Unit	Definition
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.
RTOBLLO $_{q, (j, k)}$	MW	*Real-Time Obligation with Links to an Option per QSE per pair of source and sink*—The total MW of the QSE's PTP Obligation with Links to an Option Bids cleared in the DAM and settled in Real-Time for the source *j* and the sink *k* for the hour.
URTOBLLO $_{q, (j, k)}$	MW	*Uplift Real-Time Obligation with Links to an Option per QSE per pair of source and sink*—The monthly total of Market Participant *mp*'s MW of PTP Obligation with Links to Options Bids cleared in the DAM and settled in Real-Time for the source *j* and the sink *k* for the hour, 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.

Variable	Unit	Definition
$UDAOBL_{mp}$	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.*

Variable	Unit	Definition
p	none	*A Settlement Point.*
i	none	*A 15-minute Settlement Interval.*
h	none	*The hour that includes the Settlement Interval i.*
r	none	*A Resource.*

(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 Payment Process for Default Uplift Invoices

Payments for Default Uplift Invoices are due on a Bank Business Day and Business Day basis in a two-day, two-step process as detailed in this Section 9.19.2.

9.19.2.1 Invoice Recipient Payment to ERCOT for Default Uplift

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

(2) All Default Uplift Invoices due, with funds owed by an Invoice Recipient, must be paid to ERCOT in U.S. Dollars (USDs) by Electronic Funds Transfer (EFT) in immediately available or good funds (i.e., not subject to reversal) on or before the payment due date.

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 Section 9.19, respectively.

ERCOT Nodal Protocols

Section 10: Metering

February 14, 2013

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10 METERING

10.1 Overview

(1) This Section specifies the responsibilities and requirements for meter data, certification of Metering Facilities, meter standards, approved meter types and the process for auditing, testing, and maintenance of Metering Facilities to be used in the ERCOT Region.

(2) Transmission Service Providers (TSPs) and Distribution Service Providers (DSPs) are the only Entities authorized to provide Settlement Meter data to ERCOT. ERCOT shall maintain a Meter Data Acquisition System (MDAS) to collect generation and consumption energy data for Settlement purposes under these Protocols. The MDAS must receive Customer Load meter data from TSPs and DSPs and must collect data from all ERCOT-Polled Settlement (EPS) Meters.

(3) All Service Delivery Points, excluding EPS, All-Inclusive Generation, or Non-Opt-In Entity (NOIE) metering points, that meet the requirements of P.U.C. SUBST. R. 25.311, Competitive Metering Services, are eligible for competitive meter ownership pursuant to such Public Utility Commission of Texas (PUCT) Substantive Rule. All competitively owned meters shall meet all the applicable metering requirements of these Protocols and the Retail Market Guide Section 10, Competitive Metering.

10.2 Scope of Metering Responsibilities

10.2.1 QSE Real-Time Metering

The Qualified Scheduling Entity's (QSE's) responsibility for Real-Time metering requirements is contained in Section 6.5.5.2, Operational Data Requirements.

10.2.2 TSP and DSP Metered Entities

(1) Each Transmission Service Provider (TSP) and Distribution Service Provider (DSP) is responsible for supplying ERCOT with meter data associated with:

(a) All Loads using the ERCOT System;

(b) Any All-Inclusive Generation Resource that delivers less than ten MW to the ERCOT System and that is connected directly to the distribution system; a DSP may make some or all such meters ERCOT-Polled Settlement (EPS) compliant and may request that ERCOT poll the meters. Notwithstanding the foregoing sentence, meter data is not required from:

(i) Generation owned by a Non-Opt-In Entity (NOIE) and used for the NOIE's self-use (not serving Customer Load);

(ii) Distributed Renewable Generation (DRG) with a design capacity less than 50 kW interconnected to a DSP where the owner chooses not to have the out-flow measured in accordance with P.U.C. SUBST. R. 25.213, Metering for Distributed Renewable Generation; and

(iii) Distributed Generation (DG) interconnected to a DSP behind a registered NOIE boundary metering point, not registered as a Generation Resource and with an installed capacity below the DG registration threshold, as determined in Section 16.5, Registration of a Resource Entity, and posted on the Market Information System (MIS) Public Area.

(c) NOIE points of delivery where metering points are radial Loads and are unidirectionally metered. A TSP or DSP has the option of making some or all such meters EPS compliant and to request that ERCOT poll the meters; and

(d) Generation participating in a current Emergency Response Service (ERS) Contract Period, where such generation only exports energy to the ERCOT System during an ERS deployment or ERS test.

(2) Each TSP and DSP is responsible for the following:

(a) Compliance with the procedures and standards in this Section, the Settlement Metering Operating Guide (SMOG) and the Operating Guides;

(b) Installation, control, and maintenance of the Settlement Metering Facilities, as more fully described in this Section and the SMOG, which includes meters, recorders, instrument transformers, wiring, and miscellaneous equipment required to measure electrical energy;

(c) Costs incurred in the installation and maintenance of these Metering Facilities and communications except for incremental costs incurred for functions not required for the Settlement of the Load or All-Inclusive Resource. These incremental costs shall be borne by the Entities requesting the service pursuant to the TSP or DSP tariffs;

(d) Installation, maintenance, data collection, and related communications, telemetry for the Metering Facilities, and related services necessary to meet the mandatory Interval Data Recorder (IDR) Meter requirements detailed in this Section, Section 18, Load Profiling, and the SMOG; and

(e) Providing ERCOT with any data required by ERCOT for reporting purposes on unregistered DG.

(i) NOIE DSP reporting requirements:

(A) Details of this data requirement are located in the Commercial Operations Market Guide (COPMG).

(B) Reporting is limited to DG resources over 50 kW and capable of flowing excess energy onto the DSP system.

10.2.3 ERCOT-Polled Settlement Meters

(1) ERCOT shall poll Metering Facilities that meet any one of the following criteria:

(a) Generation connected directly to the ERCOT Transmission Grid, unless the generation is participating in a current ERS Contract Period and the generation only exports energy to the ERCOT Transmission Grid during an ERS deployment or ERS test;

(b) Auxiliary meters used for generation netting by ERCOT;

(c) Generation delivering 10 MW or more to the ERCOT System;

(d) Generation participating in any Ancillary Service market;

(e) NOIE points connected bi-directionally to the ERCOT System;

(f) Direct Current Ties (DC Ties);

(g) DG where there is an energy storage Load Resource that has associated Wholesale Storage Load (WSL); and

(h) WSL associated to a generation site.

(2) Additionally, ERCOT shall poll any All-Inclusive Generator or NOIE metering point at the request of such Entity, provided the Metering Facility meets all requirements and approvals associated with EPS metering requirements of this Section and the SMOG. Load Resources of 10 MW or more on the ERCOT System, may, at their option have an EPS Meter.

10.2.3.1 Entity EPS Responsibilities

The following defines the responsibilities of Entities regarding EPS metering:

(a) EPS Meters must be polled directly by ERCOT, which shall then convert the raw data to Settlement Quality Meter Data in accordance with this Section, Section 11, Data Acquisition and Aggregation, and the SMOG.

(b) A TSP or DSP shall have EPS Metering Facilities installed and maintained under the supervision of a TSP or DSP "EPS Meter Inspector," which is defined as an employee or agent of the TSP or DSP who has received EPS training from ERCOT, and is described further herein.

(c) Each TSP and DSP shall install, control, and maintain the meters, recorders, instrument transformers, wiring, communications, and other miscellaneous equipment required to measure electrical energy, as described in this Section and SMOG.

(d) Each TSP and DSP shall install and maintain a Back-up Meter(s) at each EPS Meter location for Resources, auxiliary netting, and bi-directional meter points. A "Back-up Meter" is defined as a redundant revenue quality EPS Meter connected at the same metering point as the primary EPS Meter and meeting the requirements defined in the SMOG.

(e) Costs incurred in the installation and maintenance of EPS metered Facilities and communications will be the responsibility of the TSP or DSP except for incremental costs incurred for functions not required for the energy settlement as required by these Protocols. These incremental costs shall be borne by the Entities requesting the service, as per the TSP's or DSP's tariffs.

(f) Specific operating practices for EPS Metering Facilities are included in the SMOG.

10.3 Meter Data Acquisition System (MDAS)

10.3.1 Purpose

The Meter Data Acquisition System (MDAS) will be used:

(a) By ERCOT to obtain and receive Revenue Quality Meter data from the ERCOT-Polled Settlement (EPS) Meters and Settlement Quality Meter Data from the Transmission Service Provider (TSP) and Distribution Service Provider (DSP) for Settlement and billing purposes; and,

(b) To populate the ERCOT Data Archive used by Market Participants or their agents with authority to access Settlement Quality Meter Data held by ERCOT.

10.3.2 ERCOT-Polled Settlement Meters

(1) Each TSP and DSP shall, in accordance with these Protocols and the Settlement Metering Operating Guide (SMOG), provide ERCOT-approved metering communication equipment and connection to permit ERCOT access to the TSP's or DSP's EPS Meters.

(2) ERCOT shall retrieve meter data electronically and automatically by MDAS. ERCOT may also collect meter data on demand.

10.3.2.1 Generation Resource Meter Splitting

(1) Each Generation Resource meter must be represented by only one Qualified Scheduling Entity (QSE), except that a jointly owned Generation Resource unit or group of Generation Resources may split the net generation output into two or more Split Generation Resources for a Resource Entity. Each Resource Entity representing a Split Generation Resource may have its energy and capacity scheduled through a separate QSE. For purposes of this paragraph, a jointly owned Generation Resource unit or group of Generation Resources shall also include the San Miguel and Gibbons Creek power projects and Intermittent Renewable Resources (IRRs) such as wind and solar generation.

(2) When a Generation Resource that has been split to function as two or more Split Generation Resources is registered with ERCOT, the Resource Entities representing the Split Generation Resources shall be required to submit a percentage allocation of the Generation Resource to be used to determine the capacity available at each Split Generation Resource.

(3) When a Generation Resource that has been split to function as two or more Split Generation Resources is registered with ERCOT, the owners of the Generation Resource shall submit all required ERCOT Facility registration documentation and an ERCOT-approved splitting agreement executed by an Authorized Representative from each owning Resource Entity. Such agreement shall contain a defined and fixed ownership percentage as among the owning Resource Entities. ERCOT shall establish this Generation Resource as a "split," essentially establishing Split Generation Resource meters. Generation splitting based on a static ratio is not permitted. Generation splitting requires Real-Time splitting signals.

10.3.2.1.1 Split Generation Resource Metering Real-Time Signal

(1) When a Split Generation Resource is registered with ERCOT, the QSE representing the Split Generation Resource shall provide ERCOT with a Real-Time signal of the MW of generation for the Split Generation Resource. The Real-Time MW signals must be revised every scan cycle and must represent the QSE's Split Generation Resource in positive MW.

(2) ERCOT shall integrate the Real-Time MW signals and provide a MWh value for each 15-minute interval for each Split Generation Resource.

(3) The settlement system shall use the integrated MWh per interval value to calculate the percentage breakdowns to be applied to the actual metered MWh values retrieved from the EPS Metering Facility.

10.3.2.1.2 Allocating EPS Metered Data to Split Generation Resource Meters

(1) ERCOT shall poll the EPS Metering Facilities related to the actual Generation Resource and store the meter data at 15-minute intervals. This metering data must be validated,

edited, estimated, and compensated for losses, as necessary, and be netted as required. This resulting data must then have the Split Generation Resource ratios applied to assign the generation to the QSE representing each owner of the Split Generation Resources. The MWh quantities of the Split Generation Resources must be used in all Settlement calculations and reports.

(2) The following example illustrates the splitting of the generation data:

Splitting Example 1

Integrated values from ERCOT systems						Actual Metered MWh	Data to be Used in Settlement		
Interval Ending	RID1 (MWh)	RID2 (MWh)	RID3 (MWh)	Total MWh	% Ratios Rid 1,2,3		Split MWh	Split MWh	Split MWh
13:15	10	20	10	40	25, 50, 25	52	13	26	13

10.3.2.1.3 Processing for Missing Dynamic Split Generation Resource Signal

For any interval when ERCOT has not received a Real-Time signal for any one of the Split Generation Resources, ERCOT shall use the last valid percentage ratio for a completed interval.

Splitting Example 2

Integrated values from ERCOT systems						Actual Metered MWh	Data to be Used in Settlement		
Interval Ending	RID1 (MWh)	RID2 (MWh)	RID3 (MWh)	Total MWh	% Ratios Rid 1,2,3		Split MWh	Split MWh	Split MWh
13:15	10	20	10	40	25, 50, 25	52	13	26	13
13:30	NA	21	10	NA	Ratio Above	55	13.75	27.5	13.75
13:45	NA	22	10	NA	Ratio Above	48	12	24	12

10.3.2.1.4 Calculating the Split Generation Resource Ratio

(1) For Split Generation Resources, ERCOT shall provide for Settlement the net MWh value for each 15-minute interval. This value is the MWh accumulated based on the MW value over each scan cycle. ERCOT shall use a standard “integration” mechanism to perform this function.

(2) For Settlement, ERCOT shall use the integrated data to determine the allocation ratio as the integrated share of each signal divided by the integrated total of signals.

10.3.2.1.5 Split Generation Resource Data Made Available to Market Participants

Market Participants shall have access to allocated generation output and ratio data only for Split Generation Resources that they represent.

10.3.2.1.6 Allocating EPS Metered Data to Generator Owners When It Is Net Load

EPS Generation Resource sites that are netted by ERCOT may have multiple Competitive Retailers (CRs) associated with the Load. ERCOT shall poll the EPS metering facilities related to the actual Generation Resource facility and store the meter data at 15-minute intervals. ERCOT shall perform validation, editing, estimation, compensation for losses as necessary, and netting as required for EPS metering data. For intervals when data is net Load, the fixed ownership percentages stored in the asset database must be used to allocate the consumption to multiple Electric Service Identifiers (ESI IDs). The consumption quantities for the ESI IDs must be used in all energy settlement calculations and reports.

10.3.2.2 Loss Compensation of EPS Meter Data

(1) Where the EPS Meter is not located at the Point of Interconnection (POI) to the ERCOT Transmission Grid, actual metered consumption must be adjusted for line and transformation losses to the POI. The preferred method for loss compensation and correction is via internal meter programming.

(2) Recognizing the fact that some locations may not have the total functionality necessary to perform internal compensation, the Data Aggregation System (DAS) must have the functionality to perform approved loss compensation as necessary. ERCOT shall retain the discretion to allow or deny the continued use of this type of metering.

(3) No meter may be compensated internally for losses more than once. ERCOT may compensate multiple meters prior to netting to the POI. Pulse communications transfer of data between meters is not allowed.

10.3.2.3 Generation Netting for ERCOT-Polled Settlement Meters

(1) At Generation Resource Facilities, generation and associated Loads, including construction and maintenance Load that is netted with existing generation auxiliaries, must be metered at their POIs to the ERCOT Transmission Grid. Interval Data Recorders (IDRs) must be used to determine generator output or Load usage. In the intervals where the generation output exceeds the Load, the net must be settled as generation. In the intervals where the Load exceeds the generation output, the net must be settled as Load and carry any applicable Load shared charges and credits.

(2) For Settlement purposes, generation netting is not allowed except under one of the following conditions:

(a) Single POI with delivered and received metering data channels;

(b) Multiple POIs where the Loads and generator output are electrically connected to a common switchyard, as defined in paragraph (6) below. In addition, there must be sufficient generator capacity to serve all plant Loads for netting to occur;

(c) A Qualifying Facility (QF) with POI(s) where the QF is selling to the QF's thermal host(s) may net the Load meters of the thermal host with its generation meters when the Load and generation are electrically connected to a common switchyard. In instances in which Load is served by new on-site generation through a common switchyard, the TSP or DSP may install monitoring equipment necessary for measuring Load to determine stranded cost charges, if any are applicable, as determined under the Public Utility Regulatory Act (PURA) and applicable Public Utility Commission of Texas (PUCT) rules. If the PUCT requires other Load served by onsite generators to pay the system benefit fund charges, then, in instances in which Load is served by generation through a common switchyard, the TSP or DSP may install metering equipment solely for purposes of the TSP's or DSP's calculation of system benefit fund charges, as provided by PURA, if any is applicable. For purposes of this Section, new on-site generation has the meaning as contained in Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 39.252 and 39.262(k) (Vernon 1998 & Supp. 2007) (PURA); or

(d) For Generation Resources and/or Load with flow-through on a private, contiguous transmission system (not included in a TSP or DSP rate base) and in a configuration existing as of October 1, 2000, the meters at the interconnections with the ERCOT Transmission Grid may be netted for the purpose of determining Generation Resources or Load. For Settlement purposes, when the net is a Load, the metered interconnection points must be assigned to the same Load Zone and Unaccounted for Energy (UFE) zone.

(3) For generation sites with EPS Meters that measure Wholesale Storage Load (WSL), each energy storage Load Resource must be separately metered from all other Loads and generation:

(a) For configurations where the WSL is not at the POI, it must be separately metered behind a single POI metering point; and

(b) WSL for a compressed air energy storage Load Resource is exempt from the requirement to be electrically connected to a common switchyard, as defined in paragraph (6) below.

(4) ERCOT shall maintain descriptions of the Metering Facilities of all common switchyards that contain multiple POIs of Loads (ESI IDs) and generation meters (EPS). The description is limited to identifying the Entities within a common switchyard and a simplified diagram showing the metering configuration of all Supervisory Control and Data Acquisition (SCADA) and Settlement Metering points.

(5) All Load(s) included in the netting arrangement for an EPS Metering Facility shall only be electrically connected to the ERCOT Transmission Grid through the EPS metering point(s) for such Facility. Such Loads shall not be electrically connected to the ERCOT Transmission Grid through electrical connections that are not metered by the EPS metering point(s) for the Facility.

(6) For purposes of this Section, a common switchyard is defined as an electric substation Facility where the POI for Load and Generation Resources are located at the same Facility but where the interconnection points are physically not greater than 400 yards apart. The physical connections of the Load to its POI and the Generation Resource to its POI cannot be Facilities that have been placed in a TSP's or DSP's rate base.

10.3.2.4 Reporting of Net Generation Capacity

All Generation Resource Facilities with associated Load shall report to ERCOT before February 1st of each year their projected Net Generation capacity available to the ERCOT Transmission Grid for use by others during the June to August time period for the current calendar year and ten subsequent years.

10.3.3 TSP or DSP Metered Entities

10.3.3.1 Data Responsibilities

Each TSP and DSP shall be responsible for the following:

(a) Providing consumption data for each ESI ID and RID on at least a monthly basis according to the data timeliness and accuracy standards defined in this Section and in the SMOG;

(b) Providing start date, stop date, ESI ID or RID, and consumption data in kWh as well as an identifier for "estimated" reads as applicable;

(c) Submitting a single Demand value for each non-IDR ESI ID that has a Demand register to ERCOT if, and only if, a Demand value is required for TSP or DSP tariffs or for CR Customer billing. If the CR and TSP or DSP do not require a Demand value, then the TSP or DSP shall not submit a Demand value to ERCOT even if the meter has a Demand register;

(d) Validation, Editing, and Estimation of meter data (VEE) according to the standards in this Section before submitting data to the settlement process;

(e) Calculating consumption for any unmetered services by ESI ID and submitting such data monthly to ERCOT, subject to ERCOT audit. These calculations must be made pursuant to TSP and DSP-approved tariffs; and,

(f) Metering all Loads, unless the Load meets one of the following criteria:

(i) Energy consumption by substation Facilities and equipment for the purpose of transporting electricity (e.g., substation transformers, fans, etc.).

(ii) Unmetered energy consumption represented by an ERCOT-approved Load Profile; or

(iii) Energy charge and discharge and associated losses for the ERCOT Board-approved storage devices installed as part of a transmission reliability project for the Presidio substation Facilities.

10.3.3.2 Retail Load Meter Splitting

Retail Service Delivery Points with Loads above 1 MW may split their actual meter data into a maximum of four consumption values with each value being assigned a unique ESI ID; provided, however, that if a Customer is using Provider of Last Resort (POLR) or the "Price-to-Beat" retail service, such Customer may not split its meter signal among multiple CRs through this Section.

10.3.3.2.1 Retail Customer Load Splitting Mechanism

Customer meter data may be split into separate ESI IDs by the installation of a programmable signal splitter that would take the master meter signal and split it into no more than four separate values that must at all times equal the total output of the master meter signal. Splitting of Customer meter data must meet the following requirements:

(a) The signal splitter may be programmed to split the Load in any way the Customer chooses, provided that such splitting results in positive Load;

(b) The Customer, or its CR(s), shall provide the signal splitter and shall be responsible for all costs of installing, maintaining, and operating the signal splitter, any associated equipment, and communications;

(c) The TSP or DSP shall be responsible for approving the specifications and installation of any signal splitting devices;

(d) IDRs shall be required on the master Customer Load meter and each of the split channels for verification and settlement purposes;

(e) The TSP or DSP metering system recording such split signals (four ESI IDs) may be required to be redundant if so provided by TSP or DSP tariffs;

(f) The split signals must be recorded in Real-Time and cannot be altered or substituted later in time;

(g) One Entity shall be designated to pay the total TSP and/or DSP charges for the Customer; and

(h) Switching of CRs for the individual split-metered Customers shall comply with the registration procedures in Section 19, Texas Standard Electronic Transaction .

10.3.3.2.2 TSP and DSP Responsibilities Associated with Retail Customer Load Splitting

(1) Each consumption value from a Customer Load split meter shall be assigned a separate ESI ID by the TSP or DSP. Each ESI ID may be assigned to a separate CR. The master meter may not be assigned an ESI ID.

(2) The TSP or DSP shall send interval data for each ESI ID for the ERCOT settlement system.

(3) The TSP or DSP shall be responsible for verifying that the sum of the split ESI ID IDR data equals the total IDR value from the master meter.

10.3.3.2.3 ERCOT Requirements for Retail Load Splitting

(1) ERCOT shall settle all ESI IDs in the same manner.

(2) ERCOT shall not receive or process the IDR data associated with the master meter.

10.3.3.3 Submission of Settlement Quality Meter Data to ERCOT

(1) Settlement Quality Meter Data shall be submitted to ERCOT on a periodic cycle, but no later than monthly:

(a) For provisioned Advanced Meters, Settlement Quality Meter Data will be submitted using an ERCOT specified file format for the interval data only, which will be used for Settlement.

(i) The monthly non-interval total consumption and demand (if applicable) values for these ESI IDs shall be provided to ERCOT and Load Serving Entities (LSEs) using the appropriate Texas Standard Electronic Transactions (TX SETs) in order to:

(A) Effectuate the registration transactions outlined in Section 15, Customer Registration; and

(B) Determine if a Premise has become subject to the IDR Meter Mandatory Installation Requirements.

(ii) These non-interval total consumption and demand values will not be used for Settlement.

(b) For all other meters, Settlement Quality Meter Data will be submitted using the appropriate TX SET.

(2) Each TSP or DSP shall ensure that consumption meter data submitted to ERCOT is in intervals of:

(a) 15-minutes for those ESI IDs and RIDs served by IDRs; and

(b) Monthly or on an ERCOT-approved meter reading cycle for non-IDRs.

(3) The Settlement Quality Meter Data submitted by TSP or DSP must be in kWh and kVArh values (as applicable).

10.3.3.3.1 Past Due Data Submission

ERCOT shall provide a report to the appropriate TSP and DSP for any ESI ID or RID for which consumption data has not been received in the past 38 days. Upon receipt of the missing consumption data report, the TSP or DSP shall have two Business Days to submit the missing consumption data.

10.4 Certification of EPS Metering Facilities

Each TSP and DSP shall certify EPS Metering Facilities in a manner approved by ERCOT.

10.4.1 Overview

This Section describes the steps that a TSP or DSP shall use to certify each EPS Metering Facility and the steps ERCOT shall use to approve each EPS Metering Facility. This Section also describes the manner in which EPS Metering Facility approval requests must be made to ERCOT.

10.4.2 EPS Design Proposal Documentation Required from the TSP or DSP

Before installation of new EPS Meters, TSP or DSP shall provide ERCOT with an EPS Design Proposal of the Metering Facilities being considered for ERCOT approval as EPS Meter Facilities. An “EPS Design Proposal” is the documentation required on the form available on the MIS Public Area. Included one line drawings must be dated, detailed, bear the current drawing revision number, and show all devices which contribute to the burden in the metering circuits.. Other information may also be required by ERCOT for review regarding the meter and related installation and Facilities; such additional information shall be promptly provided to ERCOT by the TSP or DSP upon request of ERCOT.

10.4.2.1 Approval or Rejection of an EPS Design Proposal for EPS Metering Facilities

ERCOT may unconditionally approve, conditionally approve, or reject an EPS Design Proposal.

10.4.2.1.1 Unconditional Approval

If ERCOT unconditionally approves an EPS Design Proposal, then ERCOT shall promptly notify the TSP or DSP that the EPS Design Proposal has been approved. The TSP or DSP may then commence installation of the EPS Metering Facilities in accordance with the EPS Design Proposal.

10.4.2.1.2 Conditional Approval

(1) Notification of Conditional Approval:

If ERCOT conditionally approves an EPS Design Proposal, then ERCOT shall promptly notify the TSP or DSP that the EPS Design Proposal has been conditionally approved. It shall set forth in such Notice the conditions on which approval is granted and the time period in which each such condition must be satisfied by the TSP or DSP.

(2) Ability to Satisfy Conditions:

If the TSP or DSP disputes any condition imposed by ERCOT, the TSP or DSP must promptly notify ERCOT of its concerns and provide ERCOT with the reasons for its concerns. If the TSP or DSP provides ERCOT such Notice, ERCOT may amend or withdraw any of the conditions on which it granted its approval or ERCOT may require the TSP or DSP to satisfy other conditions. ERCOT and the TSP or DSP shall use good faith efforts to reach agreement on accomplishing the installation.

(3) Notification of Satisfaction of Conditions:

The TSP or DSP shall promptly notify ERCOT when each condition in the approval has been satisfied and provide to ERCOT any information reasonably requested by ERCOT as evidence that such condition has been satisfied.

(4) Confirmation of Satisfaction of Conditions:

If ERCOT determines that a condition has been satisfied, then ERCOT shall provide the TSP or DSP written confirmation that the condition has been satisfied.

(5) Unsatisfied Conditions:

If ERCOT determines that a condition has not been satisfied, ERCOT shall notify the TSP or DSP that it does not consider the condition satisfied and shall set out in such Notice the reason(s) that it does not consider the condition satisfied. If, after using good faith efforts, ERCOT and the TSP or DSP are unable to agree on whether the condition is satisfied, either Entity may refer the dispute to the Alternative Dispute Resolution (ADR) Procedures as described in Section 20, Alternative Dispute Resolution Procedure.

10.4.2.1.3 Rejection

If ERCOT rejects an EPS Design Proposal, then ERCOT shall promptly notify the TSP or DSP that the EPS Design Proposal has been rejected and shall set forth the reasons for its rejection. The TSP or DSP shall submit to ERCOT a revised EPS Design Proposal after receiving such Notice. If ERCOT rejects for a second time an EPS Design Proposal submitted by a TSP or DSP with respect to the same or similar Notice issued by ERCOT as described above, then ERCOT and the TSP or DSP shall use good faith efforts to reach agreement on the requirements and disputed items. In the absence of agreement either Entity may refer the dispute to the ADR Procedures as described in Section 20, Alternative Dispute Resolution Procedures.

10.4.3 Site Certification Documentation Required from the TSP or DSP EPS Meter Inspector

(1) A TSP or DSP EPS Meter Inspector shall complete an ERCOT site certification form for each set of EPS Metering Facilities that it inspects. The site certification form is the official form used to document whether EPS Metering Facilities meet ERCOT criteria.

(2) The TSP or DSP EPS Meter Inspector shall promptly notify ERCOT and document any discrepancy between ERCOT approved EPS Design Proposal on file and the actual Metering Facilities inspected by the TSP or DSP EPS Meter Inspector.

(3) The TSP or DSP shall provide the documents as outlined in SMOG for each set of EPS Metering Facilities being considered for ERCOT approval.

10.4.3.1 Review by ERCOT

(1) ERCOT shall review the ERCOT site certification documentation prepared by the TSP or DSP EPS Meter Inspector within 45 days of receipt. If ERCOT finds that this data is incomplete or demonstrates that the EPS Metering Facilities fail to meet the standards contained within this Section or the SMOG, ERCOT shall promptly provide written or electronic notice of the deficiencies to the TSP or DSP.

(2) ERCOT shall notify the TSP or DSP of the approval of the Metering Facility. ERCOT shall return the original schematic drawings, and the original ERCOT site certification form stamped by ERCOT as approved. ERCOT shall retain a copy of these documents.

10.4.3.2 Provisional Approval

If ERCOT finds that the documentation: provided by the TSP or DSP is incomplete or demonstrates that the EPS Metering Facility fails to meet the standards contained within this Section and SMOG; then ERCOT may, elect to issue a provisional approval for the Metering Facility. The terms and conditions on which such provisional approval is issued shall be at ERCOT's discretion and shall be defined for the TSP or DSP. ERCOT shall not issue an

approval until such time as all of the conditions of the provisional approval have been fulfilled to the satisfaction of ERCOT. ERCOT shall post any provisional approvals on the MIS Public Area on a quarterly basis.

10.4.3.3 Obligation to Maintain Approval

Once an EPS Metering Facility has been installed, it is the responsibility of the TSP or DSP to ensure that the EPS Metering Facility complies with the approval criteria referred to in this Section and the SMOG.

10.4.3.4 Revocation of Approval

(1) ERCOT may revoke in full or in part any approval of Metering Facilities, including a provisional approval if:

(a) ERCOT or a TSP or DSP EPS Meter Inspector demonstrates that all or part of the EPS Metering Facilities covered by that approval no longer meet the approval criteria for EPS Metering Facilities contained in this Section and the SMOG; and

(b) ERCOT has given written Notice to the TSP or DSP stating that the identified EPS Metering Facilities do not meet the approval criteria and the reasons and that the TSP or DSP fails to correct the deficiency and satisfy ERCOT, within 30 days, that the EPS Metering Facilities meet the approval criteria.

(2) If ERCOT revokes in full or part an approval of EPS Metering Facilities, the TSP or DSP may seek re-approval of the EPS Metering Facilities by requesting approval in accordance with this Section.

10.4.3.5 Changes to Approved EPS Metering Facilities

Each TSP and DSP shall notify ERCOT of any planned modifications or changes to be made to any EPS Metering Facilities that would affect the EPS Metering Facility's approval, not less than ten Business Days prior to the intended implementation of the change. Before the intended date of the change, ERCOT may request additional information from the TSP or DSP to demonstrate that the EPS Metering Facilities will still meet the applicable approval standards; the TSP or DSP shall promptly comply with such request for information. ERCOT may at its discretion audit Metering Facilities to determine compliance. The TSP or DSP shall provide ERCOT with meter specific program details, as downloaded from the meter, when the EPS Meter is programmed.

10.4.3.6 Confirmation of Certification

On the written request of ERCOT, the TSP or DSP shall provide ERCOT written or electronic confirmation that the Metering Facilities of each metered Entity that the TSP or DSP represents

have been certified in accordance with this Section and the SMOG within five Business Days of receiving such a request from ERCOT.

10.5 TSP and DSP EPS Meter Inspectors

10.5.1 List of TSP and DSP EPS Meter Inspectors

ERCOT shall maintain a list of TSP and DSP EPS Meter Inspectors, and details related to ERCOT training to become a TSP or DSP EPS Meter Inspector.

10.5.2 EPS Meter Inspector Approval Process

10.5.2.1 TSP and DSP Responsibilities

(1) Each TSP and DSP shall ensure that personnel performing EPS Meter Facility certification duties are approved EPS Meter Inspectors and comply with this Section and the SMOG. A TSP or DSP EPS Meter Inspector is required to complete an ERCOT EPS Meter Inspector training session.

(2) The TSP and DSP shall submit to ERCOT the following information for individuals performing EPS Metering Facility certification.

(a) Name of individual;

(b) Time period the individual has been testing Generation Resource or transmission interconnect metering points;

(c) TSP or DSP statement indicating that the individual has the technical expertise to perform EPS Metering Facility certification; and,

(d) Additional documentation as required by ERCOT.

10.5.2.2 ERCOT Responsibilities

(1) ERCOT shall hold EPS Meter Inspector training sessions on a regularly scheduled basis. Sessions must include information on the following:

(a) Market responsibilities of EPS Meter Inspectors;

(b) Documentation requirements for the site certification;

(c) Overview of EPS Metering Facilities related topics and documents;

(d) Protocols requirements;

(e) SMOG requirements; and,

(f) Technical requirements.

(2) ERCOT shall issue a certificate of attendance to individuals upon completion of the EPS Meter Inspector training sessions.

(3) ERCOT shall have the authority to revoke an individual's involvement with EPS Metering Facility certification.

10.6 Auditing and Testing of Metering Facilities

10.6.1 EPS Meter Entities

10.6.1.1 ERCOT Requirement for Audits and Tests

ERCOT shall have the right to audit any EPS Metering Facility that it considers necessary or to request and witness a test carried out by a TSP or DSP EPS Meter Inspector.

10.6.1.2 TSP and DSP Testing Requirements for EPS Metering Facilities

(1) At a minimum, the TSP and DSP EPS Meter Inspector shall conduct testing of EPS Meters on an annual basis, within the same month of each year as the previous year's test. Metering Facilities used in the ERCOT system for settlement must be tested pursuant to the TSP or DSP tariffs, the SMOG and these Protocols.

(2) Instrument transformers used in settlement metering circuits must be tested using the following guidelines:

(a) Magnetic Instrument Transformers do not require periodic testing as they have shown themselves to be stable per ANSI C12.1.;

(b) Coupling Capacitor Voltage Transformers (CCVTs) shall, at a minimum, be tested for accuracy on a five year cycle, by the end of the fifth year after the previous test; and,

(c) Fiber-optic Current Transformers (CTs) shall, at a minimum, be ratio tested on a five year cycle, by the end of the fifth year after the previous test. .

(3) ERCOT may determine that periodic testing of CCVTs and fiber-optic CTs is not required once these devices have been proven to be stable. If the devices have shown themselves to be unstable, ERCOT may discontinue the use of these devices for settlement purposes.

10.6.1.3 Failure to Comply

If an EPS Metering Facility fails to comply with ERCOT's audit or test procedures, ERCOT shall issue a warning to the TSP or DSP responsible for such Metering Facilities. If the TSP or DSP fails to comply with ERCOT's recommendations in a reasonable time, as determined by ERCOT, ERCOT shall notify the PUCT or the appropriate Governmental Authority.

10.6.1.4 Requests by Market Participants

Market Participants shall follow appropriate Governmental Authority rules for requesting the testing of Metering Facilities.

10.6.2 TSP and DSP Metered Entities

10.6.2.1 Requirement for Audit and Testing

(a) Audit and Testing by a TSP or DSP

Each TSP or DSP shall conduct (or engage a qualified Entity to conduct) audits and tests of the Metering Facilities of the TSP or DSP Metered Entities that it represents to ensure compliance with all applicable requirements of any relevant Governmental Authority. Each TSP and DSP shall undertake any other actions that are reasonably necessary to ensure the accuracy and integrity of the meter data.

(b) Audit and Testing Requests by an affected Market Participant

Subject to any applicable Governmental Authority requirements, an affected Market Participant shall have the right to witness an audit or test carried out by the TSP or DSP or its authorized representative.

10.6.2.2 TSP and DSP Requirement to Certify per Governmental Authorities

If a Governmental Authority has authority to certify meter installations, then the TSP or DSP shall comply with such regulations.

10.7 ERCOT Request for Installation of EPS Metering Facilities

10.7.1 Additional EPS Metering Installations

(1) If ERCOT determines that there is a potential need to install additional EPS Metering Facilities on the ERCOT System, ERCOT shall notify the relevant TSP or DSP in writing or electronically. ERCOT's Notice must include the following information:

(a) The location of the meter point at which the additional EPS Metering Facilities are required;

(b) The projected installation date by which the relevant EPS Metering Facilities should be installed;

(c) The reason for the need to install the additional EPS Metering Facilities; and

(d) Any other information that ERCOT considers relevant.

(2) A TSP or DSP that is notified by ERCOT of the potential need to install additional EPS Metering Facilities must:

(a) Give ERCOT written confirmation of receipt of Notice within three Business Days of receiving such Notice;

(b) Submit an EPS Design Proposal to ERCOT within 45 Business Days of receiving such Notice.

(3) The TSP or DSP may request a waiver to install additional Metering Facilities.

10.7.2 Approval or Rejection of Waiver Request for Installation of EPS Metering Facilities

ERCOT may approve, or reject a waiver request at ERCOT's sole discretion.

10.7.2.1 Approval

If ERCOT approves a waiver request, then ERCOT shall promptly notify the TSP or DSP.

10.7.2.2 Rejection

If ERCOT rejects a waiver request, then ERCOT shall promptly notify the TSP or DSP and shall set forth the reasons for its rejection. The TSP or DSP may submit to ERCOT a revised waiver request within 14 Business Days of receiving such Notice. If ERCOT rejects for a second time a waiver request submitted by a TSP or DSP with respect to the same or similar Notice issued by ERCOT as described above, then ERCOT and the TSP or DSP shall use good faith efforts to reach agreement on the requirements and disputed items. In the absence of agreement either Entity may refer the dispute to the ADR Procedures as described in Section 20, Alternative Dispute Resolution Procedures.

10.8 Maintenance of Metering Facilities

10.8.1 EPS Meters

10.8.1.1 Duty to Maintain EPS Metering Facilities

Each TSP and DSP shall maintain its EPS Metering Facilities to meet the standards prescribed by this Section and the SMOG. If the EPS Metering Facilities of a TSP or DSP require maintenance to ensure that they operate in accordance with the requirements of this Section, SMOG, or any Governmental Authority, then the TSP or DSP shall notify ERCOT of the need for such maintenance. The TSP or DSP shall also inform ERCOT five Business Days in advance of the time period during which such maintenance is expected to occur. During that period, the TSP or DSP, or its authorized representative, after notifying ERCOT, shall be entitled to access sealed EPS Metering Facilities to which access is required in order to undertake the required maintenance.

10.8.1.2 EPS Metering Facilities Repairs

If an EPS Metering Facility requires repairs to ensure that it operates in accordance with the requirements of this Section, then the TSP or DSP shall immediately notify ERCOT of the need for repairing such Metering Facility. If, however, operating conditions are such that it is not possible for the TDSP to notify ERCOT of the need for repairs, then the TDSP may make the necessary repairs and then notify ERCOT of the repairs prior to the end of the next Business Day.

(a) Where no Back-up Meter exists or Back-up Meter data is unavailable, the TSP or DSP shall ensure that the metering point is repaired and operational within 12 hours of problem detection;

(b) Where a functional and operational Back-up Meter exists, the TSP or DSP shall ensure that the metering point is repaired and operational within five Business Days of problem detection.

10.8.2 TSP or DSP Metered Entities

Each TSP and DSP shall maintain its Metering Facilities in accordance with the requirements of the relevant Governmental Authorities and according to this Section.

10.9 Standards for Metering Facilities

For Settlement purposes, an Interval Data Recorder (IDR) Meter is required on any of the following locations/sites:

(a) All-Inclusive Generation Resources (with the exception of those excluded in this Section);

(b) Resources bidding into the Ancillary Services market;

(c) Non-Opt-In Entity (NOIE) metering points used to determine NOIE total Load;

(d) Service Delivery Points connected to the transmission system (>60 kV); and,

(e) Locations meeting IDR Meter requirements defined in Section 18, Load Profiling.

10.9.1 ERCOT-Polled Settlement Meters

(1) The Transmission Service Provider (TSP) or Distribution Service Provider (DSP) for ERCOT-Polled Settlement (EPS) Meters shall ensure that the EPS Metering Facilities comply with this Section and the Settlement Metering Operating Guide (SMOG).

(2) IDRs used for settlement of EPS Metering Facilities shall:

(a) Capture energy consumption and/or production in increments consistent with ERCOT defined Settlement Interval;

(b) Be able to capture energy in increments of five minutes (excluding memory allocation) for new and replacement IDRs used for settlement;

(c) Provide interval data for daily polling on a schedule that supports ERCOT's requirements (typically a daily cycle);

(d) Be capable of having data retrieved via telemetry by Meter Data Acquisition System (MDAS);

(e) Have battery or other energy-storage back-up to maintain time during power outages;

(f) Have remote time synchronization capability compatible with the MDAS;

(g) Maintain meter clocks on a time reference standard that enables ERCOT MDAS to maintain the IDR data on Central Prevailing Time (CPT). The meter clock shall be synchronized to within +/- 1% of the Settlement Interval when compared with the National Institute of Standards and Technology (NIST) Atomic Clock. ERCOT shall perform the time synchronization for meters at the time of the interrogation if the meter is outside tolerance; and,

(h) Divide each hour into Settlement Intervals ending as follows:

XX:15:00
XX:30:00
XX:45:00

XX:00:00

10.9.2 TSP or DSP Metered Entities

IDRs used for settlement of TSP or DSP Metered Entities shall:

(a) Capture energy consumption in increments consistent with, or in fractions of, ERCOT-defined settlement time interval;

(b) Provide interval data on a schedule that supports the requirements of final Settlement;

(c) Have battery or other energy-storage back-up to maintain time during power outages;

(d) Have time synchronization capability;

(e) Maintain meter clocks on a time reference that enables the TSP or DSP to submit data on the CPT. The meter clock shall be synchronized to within at least +/- 5% of the Settlement Interval when compared to the NIST Atomic Clock;

(f) Have data aggregated to the appropriate Settlement Interval time block by the TSP or DSP prior to the data being sent to ERCOT if recorded at increments less than the ERCOT defined Settlement Interval;

(g) Be able to capture energy in increments of five minutes (excluding memory allocation) for new and replacement IDRs used for Settlement;

(h) Divide each hour into Settlement Intervals ending as follows:

XX:15:00
XX:30:00
XX:45:00
XX:00:00

(i) IDR data submitted to ERCOT for Operating Days January 1, 2003, or later must contain only whole days with start times beginning at 0000 and stop times ending at 2359.

10.9.3 Failure to Comply with Standards

If the TSP or DSP fails to comply with the standards for EPS Metering Facilities referred to in this Section and the SMOG, then ERCOT shall notify the Public Utility Commission of Texas (PUCT) or the appropriate Governmental Authority.

10.10 Security of Meter Data

10.10.1 EPS Meters

(1) A TSP or DSP is responsible for data security of the EPS Metering Facilities on their system. This responsibility extends to third-party contracts and access to EPS Metering Facilities.

(2) A TSP, DSP or any Entity authorized to poll EPS Meters may not issue any EPS Meter programming passwords to any Market Participant.

10.10.1.1 TSP and DSP Data Security Responsibilities

Each TSP and DSP shall:

(a) Maintain and modify the passwords for programming and read access to EPS Meters;

(b) Provide the appropriate password access to ERCOT, which will allow ERCOT to synchronize the meter clock;

(c) Establish any other security requirements for accessing the EPS Meters so as to ensure the security of those meters and their meter data;

(d) Coordinate any EPS Meter programming parameter changes with ERCOT according to this Section, including informing the Load or Resource Entity of any changes to the meter;

(e) Upon request of the Resource Entity that represents an EPS metered facility, provide the EPS meter "read only" password to such Resource Entity for such facility and other EPS metered facility required to calculate their QSE Load, to the extent that such provision does not violate the Customer service and protection provisions of the PUCT Substantive Rules; and

(f) Modify the "read only" password for EPS meters when a Resource Entity that represents a facility requests a change due to data security reasons, provided that such modification does not violate the Customer service and protection provisions of the PUCT Substantive Rules.

10.10.1.2 ERCOT Data Security Responsibilities

ERCOT may request that TSP or DSP alter the password and other requirements for accessing EPS Meters, as it deems necessary.

10.10.1.3 Resource Entity Data Security Responsibilities

A Resource Entity must request that the TSP or DSP modify the EPS Meter "read only" password for a facility when the Resource Entity relationships that affect EPS Meter data security change. Such request must include the reason for the request.

10.10.1.4 Third Party Access Withdrawn

If, in the reasonable opinion of ERCOT, access granted to a third party interferes with or impedes ERCOT's ability to poll any EPS Meter, ERCOT may require immediate withdrawal of any access granted to such third party. Separate access through additional communications ports may be allowed so long as it does not interfere with ERCOT's ability to communicate with the meter.

10.10.1.5 Meter Site Security

(1) EPS Metering Facilities and secondary devices that could have any impact on the performance of the EPS Metering Facilities must be sealed to the extent practicable.

(2) ERCOT shall provide each TSP and DSP with uniquely numbered seals to be used by the TSP or DSP EPS Meter Inspector to seal EPS Meters and EPS Meter test switches. Procedures for seal use shall be in accordance with this Section and the SMOG.

10.10.2 TSP or DSP Metered Entities

Security for TSP and DSP polled meters and meter data shall be the responsibility of the TSP or DSP. Each TSP and DSP shall maintain polled meters in accordance with applicable Governmental Authority rules and regulations. The TSP and DSP shall ensure that only Customer-approved Market Participants have access to the Customer meter.

10.11 Validating, Editing, and Estimating of Meter Data

10.11.1 EPS Meters

The raw meter data that ERCOT retrieves from EPS Meters must be processed by MDAS using the Validating, Editing, and Estimating (VEE) procedures published in Section 11, Data Acquisition and Aggregation, and the SMOG in order to produce Settlement Quality Meter Data. During periods for which no primary EPS Meter data is available, ERCOT shall use the backup meter data or substitute estimated usage data for that metered Entity using estimation procedures referred to in these Protocols and the SMOG. This data shall be used by ERCOT in its settlement and billing process.

10.11.2 Obligation to Assist

At the request of ERCOT, a TSP, DSP and Market Participant shall promptly assist ERCOT in correcting or replacing defective data from EPS Meters and in detecting and correcting underlying causes for such defects. Such assistance shall be rendered in a timely manner so that the settlement process is not delayed.

10.11.3 TSP or DSP Settlement Meters

(1) The TSP and DSP shall provide ERCOT with Settlement Quality Meter Data for the TSP or DSP Settlement Meters on its system and shall ensure that at a minimum the VEE requirements as specified in the Uniform Business Practices (UBP) standard for Validating, Editing, and Estimating have been properly performed on such data. ERCOT shall not perform any VEE on the Settlement Quality Meter Data it receives from TSP or DSP.

(2) The following UBP manual validation processes are exempt for Interval Data:

(a) Spike Check; and

(b) Reactive channel check for kWh data.

10.12 Communications

10.12.1 ERCOT Acquisition of Meter Data

ERCOT shall acquire meter data via the following communication links:

(a) ERCOT private communication network established by ERCOT for ERCOT Real-Time metered Entities; and

(b) Standard voice telephone circuit or other ERCOT-approved communication technology provided by the Transmission Service Provider (TSP) or Distribution Service Provider (DSP) for ERCOT-Polled Settlement (EPS) Meters.

10.12.2 TSP or DSP Meter Data Submittal to ERCOT

TSP and DSPs shall submit meter consumption data to ERCOT through a standard data interface into the Meter Data Acquisition System (MDAS). In order to submit meter consumption data, a TSP or DSP shall use an automated system with an ERCOT-approved and tested interface to MDAS.

10.12.3 ERCOT Distribution of Settlement Quality Meter Data

ERCOT shall distribute Settlement Quality Meter Data to Market Participants:

(a) Whenever a TSP or DSP submits meter consumption data to ERCOT via a Texas Standard Electronic Transaction (TX SET), information pertaining to specific Market Participants shall be removed and automatically forwarded on to that specific Market Participant (i.e., a Competitive Retailer (CR) will automatically receive the meter consumption data and other information for the Electric Service Identifiers (ESI IDs) that the CR represented during the meter data timeframe).

(b) Whenever a TSP or DSP submits meter data to ERCOT via an ERCOT specified file format for Advanced Meters, upon certified request by a Market Participant, ERCOT shall make that data available to the Market Participant via Market Information System (MIS) Certified Area.

(c) On Request – A Market Participant may submit an electronic request via the MIS Certified Area for specific meter consumption data. ERCOT will receive and validate the request and, if appropriate, automatically forward the appropriate information to the Market Participant.

10.13 Meter Identification

The device id used to identify an EPS Meter shall be unique for such meters on the ERCOT System. ERCOT shall maintain a master list of device ids and shall notify each TSP and DSP if the device id selected has been used elsewhere in MDAS.

10.14 Exemptions from Compliance to Metering Protocols

10.14.1 Authority to Grant Exemptions

ERCOT may grant on a case by case basis, exemptions from compliance on a temporary basis until new arrangements can be completed in accordance with the guidelines as listed below. Any permanent exemption to this Section requires approval by the Technical Advisory Committee (TAC) and the ERCOT Board. Any permanent exemption shall be subject to periodic review and revocation by the ERCOT Board.

10.14.2 Guidelines for Granting Temporary Exemptions

ERCOT shall use the following process when considering applications for temporary exemptions from compliance with this Section and the SMOG.

(a) Publication of Guidelines: ERCOT shall post on the MIS Public Area the general guidelines that it will use when considering applications for exemptions within five Business Days of a change of guidelines, so as to achieve consistency in its

reasoning and decision-making and to give prospective applicants an indication of whether an application for exemption may be considered favorably.

(b) Publication of Decision: ERCOT shall post on the MIS Public Area the application for exemption and whether the application was approved or rejected by ERCOT and the reasons for rejecting the application, if applicable, on a quarterly basis.

10.14.3 Procedure for Applying for Exemptions

(1) All applications to ERCOT for exemptions from compliance with the requirements of this Section must be submitted in writing. ERCOT shall confirm receipt of an application within three Business Days of receipt. For temporary exemptions, ERCOT shall decide whether to grant or reject the exemption within 45 Business Days of receipt. For permanent exemptions, ERCOT shall forward the application to TAC for review at the next scheduled meeting for which appropriate Notice can be made. At any time during the application process, ERCOT may require the applicant to provide additional information in support of its application.

(2) The applicant shall provide such additional information to ERCOT within five Business Days of receiving the request or within such other period as ERCOT may specify. If ERCOT requests additional information more than 40 Business Days after the date on which it received the application, ERCOT shall have an additional seven Business Days after receiving that additional information in which to consider the application. If the applicant does not provide the additional information requested, then ERCOT shall reject the application, in which case it will notify the applicant that its application has been rejected for failure to provide the additional information.

10.14.3.1 Information to be Included in the Application

The application for exemption to ERCOT shall include:

(a) A detailed description of the exemption sought. including specific reference to the relevant Section(s) of these Protocols or the SMOG authorizing ERCOT to grant the exemption, and the Metering Facilities to which the exemption will apply;

(b) A detailed statement of the reason for seeking the exemption, including any supporting documentation;

(c) Details of the Entity(s) to which the exemption will apply;

(d) Details of the location to which the exemption will apply;

(e) Details of the period of time for which the exemption will apply, including the proposed start and finish dates of that period; and

(f) Any other information requested by ERCOT.

ERCOT Nodal Protocols

Section 11: Data Acquisition and Aggregation

February 14, 2013

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11 DATA ACQUISITION AND AGGREGATION

11.1 Data Acquisition and Aggregation from ERCOT Polled Settlement Metered Entities

11.1.1 Overview

ERCOT will collect interval data from all ERCOT-Polled Settlement (EPS) metered Entities according to Section 10, Metering. Collection of data from EPS metered Entities will be done via the Meter Data Acquisition System (MDAS). This data will be validated, edited, estimated, adjusted, netted, loss corrected, split, and aggregated as necessary to provide the required Settlement inputs.

11.1.2 ERCOT Polled Settlement Meter Data Collection

ERCOT will perform remote interrogation of EPS metered Entities to provide the necessary data for the Settlement process. Upon initiation of connection with the meter, the MDAS will verify that the meter's internal Interval Data Recorder (IDR) protocol (Translation Interface Module setting) and the device identifier programmed into the IDR match the master file database stored in the MDAS. If remote-polling fails for any reason, ERCOT will work closely with the Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP) to resolve data collection problems within the time frame defined in Section 10, Metering.

11.1.3 ERCOT Polled Settlement Meter Time Synchronization

ERCOT will update the clock of any EPS meter that falls outside the threshold defined in Section 10, Metering of these Protocols. ERCOT will notify the TSP and/or DSP regarding any meter that is determined to be inconsistent in its timekeeping function. The TSP and/or DSP will facilitate correction of this problem within the time frame detailed in Section 10.

11.1.4 ERCOT Polled Settlement Meter Data Validation, Editing, and Estimation

(1) After EPS time synchronization has been completed and interval meter data has been retrieved, ERCOT will determine if the data is valid. The validation process will include, but not be limited to, the following tests:

(a) Flagging of intervals with missing data;

(b) Exception reporting if the total number of zero values for any channel exceeds the tolerance limit;

(c) Exception reporting if the total number of power outage intervals exceeds the tolerance limit;

(d) Channel level exception reporting if any single interval breaches the upper or lower threshold of the limit;

(e) Channel level validation of the percent change between two consecutive intervals being greater than the established tolerance limit;

(f) Data overlap validation test, which rejects validations when the current interrogation of data overlaps data previously collected;

(g) Channel level energy tolerance test, which reports exceptions of total energy accumulated from the interval data not being equivalent to the energy calculated from the meter register's start and stop readings;

(h) Validation that the number of expected intervals equals the number of actual intervals collected during the interrogation process; and

(i) Validation of data between primary, backup and check meters where available.

(2) ERCOT will perform editing and estimation of EPS meter data according to Section 10, Metering. The validation process occurs each time data is collected from a meter.

11.1.5 Loss Compensation of ERCOT Polled Settlement Meter Data

(1) Adjustments will be made to actual metered consumption to accommodate the energy consumption related to line and transformation losses to the Point of Interconnection (POI) with the ERCOT Transmission Grid. These adjustments are intended specifically to correct the metered consumption when the meter is not located at the POI with the ERCOT Transmission Grid.

(2) The preferred method for loss compensation and correction is by programming of the meter. Recognizing that some meters may not have the ability to perform internal compensation computations, ERCOT's Data Aggregation System (DAS) will have the ability to perform approved loss compensation as necessary.

(3) TSPs and/or DSPs requesting loss compensation for a specific meter will comply with Section 10, Metering, and the Operating Guides. ERCOT will provide a compensation mechanism based upon a single percentage value submitted by the TSP and/or DSP and approved by ERCOT. The loss compensation percentage value will remain in place and will be applied to all intervals of data until such time as the TSP and/or DSP submits, and ERCOT approves, revised loss compensation values. The loss compensation percentage values should not be changed more than once annually.

11.1.6 ERCOT Polled Settlement Meter Netting

(1) As allowed by Section 10, Metering, of these Protocols, ERCOT will perform the approved netting schemes, which sum the meters at a given Generation Resource site.

(2) Both Load consumption and Generation Resource production meters will be combined together to obtain a total amount of Load or Resource.

(3) For a Generation Resource site with Wholesale Storage Load (WSL):

(a) WSL is measured by the corresponding EPS Meter.

(b) For WSL that is metered behind the POI metering point, the WSL will be added back into the POI metering point to determine the net flows for the POI metering point.

(c) For WSL that is separately metered at the POI, the WSL will not be included in the determination of whether the generation site is net generation or net Load for the purpose of Settlement.

11.1.7 ERCOT Polled Settlement Generation Meter Splitting

ERCOT will apply any approved splitting schemes to partition generation production and auxiliary Load when the unit is not in operation in accordance with Section 10, Metering of these Protocols.

11.1.8 Correction of ERCOT Polled Settlement Meter Data for Non-Opt-In Transmission Losses

ERCOT will correct the total Load of EPS meters for Non-Opt-In Entities (NOIEs) that have transmission behind the Settlement meters and are connected to the ERCOT Transmission Grid via bi-directional metering for actual Transmission Losses according to Section 13, Transmission and Distribution Losses. ERCOT will populate Settlement Interval Load data for NOIEs into data sets to be used in the Load aggregation process. NOIEs will receive extract Load data via the Market Information System (MIS) Certified Area.

11.1.9 Treatment of Non-Opt-In Radially Connected Entities

At non-opt-in metering points for which the TSP and/or DSP is supplying data to ERCOT, the interval Load data that is not bi-directional will have each point of delivery treated as an individual Electric Service Identifier (ESI ID).

11.1.10 Treatment of ERCOT Polled Settlement Load Data

(1) For EPS metering that ERCOT is populating ESI ID Load data, ERCOT will:

(a) Utilize the data for all Settlement calculations and reports;

(b) Provide the TSP and/or DSP and Load Serving Entity (LSE) with daily kWh consumption information in accordance with Texas Standard Electronic

Transaction (Texas SET) 867_03, Monthly Usage, for interval data upon completion of the Data Aggregation process for the Settlement day. Data changes during Settlement runs subsequent to the most current Settlement run will result in an additional Texas SET 867_03 being provided to the TSP and/or DSP and LSE;

(c) Accommodate retail switching via the standard switching process and timelines;

(d) Be identified as the Meter Reading Entity (MRE); and

(e) Make ESI ID interval data available to the TSP and/or DSP and LSE via an extract.

(2) The ERCOT read ESI ID data extract will:

(a) Select all ERCOT read ESI IDs for the Market Participant; and

(b) Provide interval data as populated by ERCOT for each channel associated to an ESI ID.

11.1.11 Treatment of ERCOT Polled Settlement Resource ID Data

(1) For EPS Resource ID (RID) data, ERCOT will:

(a) Be identified as the MRE;

(b) Model and populate data to appropriate channels such that netting and aggregation conform to the ERCOT Protocol requirements; and

(c) Make RID interval and Supervisory Control and Data Acquisition (SCADA) interval data available to the associated Qualified Scheduling Entity (QSE), TSP and/or DSP, Resource Entity, and LSE via an extract.

(2) The ERCOT RID data extract will:

(a) Select all ERCOT read RIDs for the Market Participant;

(b) Provide interval data as populated by ERCOT for each channel associated to a RID;

(c) Provide the interval data to the TSPs and/or DSPs no later than noon on the tenth Business Day after ERCOT reads the EPS meter;

(d) Provide interval data for Load and generation to TSPs and/or DSPs in accordance with paragraph (2) of Section 3.11.5, Assessment of Chronic Congestion; and

(e) Whenever ERCOT makes an edit to data previously provided to the TSP and/or DSP, ERCOT shall provide the revised data to the TSP and/or DSP by noon of the tenth Business Day after the edit is made.

11.1.12 Treatment of ERCOT-Polled Settlement Wholesale Storage Load Data

(1) For EPS WSL data, ERCOT will:

(a) Be identified as the MRE; and

(b) Model and populate data to appropriate channels such that netting and aggregation conform to the ERCOT Protocol requirements.

11.2 Data Acquisition from Transmission Service Providers and/or Distribution Service Providers

11.2.1 Overview

This Section addresses the manner in which ERCOT will receive and validate data from the Transmission Service Providers (TSPs) and /or Distribution Service Providers (DSPs) regarding usage for Generation Resources and Load from TSP and/or DSP metered Entities as defined in Section 10, Metering.

11.2.2 Data Provision and Verification of Non ERCOT Polled Settlement Metered Points

(1) The TSP and/or DSP will provide data for TSP and/or DSP metered Entities as defined in Section 10, Metering, of these Protocols.

(2) The TSP and/or DSP will provide data in accordance with the TSP and/or DSP meter data responsibilities detailed in Section 10 and will conform to data formats specified in Section 19, Texas Standard Electronic Transaction.

(3) ERCOT will:

(a) Provide the TSP and/or DSP a notification of successful/unsuccessful data transfer for the Texas Standard Electronic Transaction (TX SET) meter data submitted. At the Electric Service Identifier (ESI ID) level, the TSP and/or DSP will be notified of successful and unsuccessful validations;

(b) Validate that the correct TSP and/or DSP is submitting meter consumption data on an individual ESI ID basis. At the ESI ID level, the TSP and/or DSP will be notified of unsuccessful validations;

(c) Provide a report to the TSP and/or DSP listing each ESI ID for which ERCOT has not received consumption data for 38 days; and

(d) Synchronize the Data Aggregation System (DAS) data with the Customer registration system on a daily basis to ensure the appropriate relationship between the ESI ID, Load Serving Entity (LSE) and/or Resource Entity, and the meter.

DAS will provide versioning to ensure ESI ID characteristic changes are time stamped.

11.3 Electric Service Identifier Synchronization

11.3.1 Electric Service Identifier Service History and Usage

On a daily basis, ERCOT shall provide incremental updates to Electric Service Identifier (ESI ID) service history and usage information to Load Serving Entities (LSEs), Meter Reading Entities (MREs), and Transmission Service Providers (TSPs) and/or Distribution Service Providers (DSPs). ESI ID service history includes ESI ID relationships and ESI ID characteristics.

11.3.2 Variance Process

Any LSE, MRE, TSP or DSP that contests the accuracy of ESI ID service history and usage information maintained by ERCOT shall file a variance in the manner specified by the Retail Market Guide. The variance shall be processed in the manner specified in the Retail Market Guide, and ERCOT and Market Participants that are or may be affected by the variance shall comply with the provisions of the Retail Market Guide as they relate to the variance.

11.3.3 Alternative Dispute Resolution

An LSE, MRE, TSP or DSP may seek correction of ESI ID service history/usage information and resettlement pursuant to the provisions of Section 20, Alternative Dispute Resolution Procedure.

11.4 Load Data Aggregation

Data Aggregation is the process of netting, grouping and summing Load consumption data, applying appropriate profiles, Transmission Loss Factors (TLFs) and Distribution Loss Factors (DLFs) and calculating and allocating Unaccounted For Energy (UFE) to determine each Qualified Scheduling Entity (QSE) and/or Load Serving Entity (LSE) responsibility by Settlement Interval by Settlement Point and by other prescribed aggregation determinants. The process of aggregating Load data provides the determinants that allow the Settlement to occur.

11.4.1 Estimation of Missing Data

The Data Aggregation System (DAS) will perform estimation of missing interval and non-interval retail Load meter consumption data for use in Settlement when actual meter consumption data is unavailable.

11.4.2 Non-Interval Missing Consumption Data Estimation

(1) The DAS will distinguish each Electric Service Identifier (ESI ID) for which consumption data has not been received for the Operating Day. Non-interval ESI ID locations for which no actual consumption exists for the specified Operating Day will be pre-aggregated by like components which may include but are not limited to the following sets:

(a) QSE;

(b) LSE;

(c) Settlement Point;

(d) UFE zone;

(e) Profile ID;

(f) DLF code;

(g) Transmission Service Provider (TSP) and /or Distribution Service Provider (DSP);

(h) Read start date (reading from date); and

(i) Read stop date (reading to date).

(2) Estimates of missing data are based on Profile ID, which includes:

(a) Load Profile Type;

(b) Weather Zone;

(c) Meter type;

(d) Weather sensitivity; and

(e) Time Of Use Schedule (TOUS).

(3) Profile application will take aggregated non-interval consumption data and apply the Load Profile in order to create interval consumption data. Profiled non-interval data is calculated by dividing the aggregated ESI ID's total kWh for a specific time period (usually a month) by the profile class' kWh for the same specific time period and scaling the Load Profile for that same specific Operating Day by the resulting value to provide the profiled non-interval consumption data.

$$\mathbf{PND}_{\textit{Operating Day}} = \left(\Sigma \mathbf{Actual\ KWH}_{\textit{Specific Time Period}} / \Sigma \mathbf{CP\ KWH}_{\textit{Specific Time Period}}\right) * \mathbf{LP}_{\textit{Operating Day}}$$

The above variables are defined as follows:

Variable	Unit	Description
PND		Profiled non-interval data.
CP		Class profile.
LP	kWh	Load Profile (daily interval data set).

(4) Any active ESI ID on the Operating Day being settled for which ERCOT does not have a meter read within 12 months of the Operating Day will not have a usage estimate applied to its Load Profile. That is, the estimate for these Customers will be their assigned profile without any scaling factor applied.

11.4.3 Interval Consumption Data Estimation

(1) ERCOT will estimate all ESI IDs with Interval Data Recorders (IDRs) for which consumption data has not been received for the Operating Day. The method for estimating interval data for ESI IDs with IDR Meters is a "Weather Response Informed Proxy Day" technique. This approach seeks to increase estimation accuracy by segmenting ESI IDs with IDR Meters into two groups based on a known indicator of Load, i.e. weather. The classification of ESI IDs with IDR Meters into a weather-sensitive group and a non-weather-sensitive group determines the proxy day method used for estimation purposes. The proxy day estimation method for each group captures the factors that best predict the ESI ID-specific Load shape for the Operating Day.

(2) The Weather Sensitive Proxy Day Method will be used for estimating interval data for ESI IDs with Advanced Meters.

11.4.3.1 Weather Responsiveness Determination

(1) ERCOT shall perform the weather responsiveness test for all ESI IDs with IDR Meters as specified below.

(2) For each ESI ID with an IDR Meter, two variables shall be calculated for each Business Day on which the ESI ID is active and for which actual interval data is available during the time period (June 1st - September 30th) immediately preceding the date the test is run:

(a) Daily kWh; and

(b) Average Weather Zone daily dry bulb temperature.

Average Weather Zone Daily Dry Bulb Temperature = ((MAX + MIN) / 2)

The above variables are defined as follows:

Variable	Unit	Description
MAX		Maximum Weather Zone daily dry bulb temperature.
MIN		Minimum Weather Zone daily dry bulb temperature.

(3) For each ESI ID an R-square (Pearson Product Moment Coefficient of Determination) shall be calculated between these two variables, and all ESI IDs with R-square greater than or equal to 0.6 shall be classified as weather sensitive and all ESI IDs with an R-square less than 0.6 shall be classified as non-weather sensitive.

(4) The weather responsiveness determination shall be performed annually between November 1st and November 15th.

(5) No later than November 20th, ERCOT shall produce a report that contains the ESI IDs that require profile code modifications as a result of the weather responsiveness test. This report shall be published to Market Participants in a data extract via the Market Information System (MIS) Certified Area by November 20th.

(6) If an ESI ID is inactive or de-energized at the time the weather responsiveness test is performed, or if it is de-energized for 50% or more of the time period beginning June 1st and ending September 30th, it shall retain its current weather sensitivity classification and shall not be re-evaluated until the following year.

(7) If, for a specific ESI ID, 50% or more of the data required for the calculations described above is missing, the ESI ID shall retain its current weather sensitivity classification.

(8) Beginning on December 1st, and continuing monthly thereafter until May of the following year, ERCOT shall repeat the weather responsiveness test. These tests shall be limited to ESI IDs that had some missing data during the previous time period when the most recent weather responsiveness test was performed. As above, ERCOT shall produce a report that contains the ESI IDs requiring profile code modifications and shall publish the report via the MIS Certified Area.

(9) TSPs and/or DSPs shall successfully complete weather sensitivity code modifications (Load Profile ID changes) no later than 60 days after the ESI ID appears on the ERCOT report. Load Profile ID changes shall be effective as of the most current meter read date.

(10) On a monthly basis, ERCOT shall produce a report of ESI IDs that are overdue in having their weather sensitivity codes modified by the above referenced tests.

(11) As a part of the Load Profile Class assignment, TSPs and/or DSPs will assign a non-weather sensitive classification to all newly installed IDR Meters and a weather sensitive classification to all Advanced Meters.

11.4.3.2 Weather Sensitive Proxy Day Method

For ESI IDs designated as Weather Sensitive IDR (WSIDR), ERCOT will use this weather-sensitive proxy day selection method. ESI IDs within the same Weather Zone will be grouped together. The proxy days will be the same for all ESI IDs within each of the Weather Zones. This method incorporates the following:

(a) To determine eligible proxy days, select all days (of matching weekday/weekend day type and time period) within five degrees of the maximum temperature of the target Operating Day based on the previous 365 days and then limit the selection to those days that have their maximum temperatures occurring within two hours of the maximum temperature hour of occurrence of the Operating Day. The maximum temperature separation criterion provides initial assurance that the eligible day will have a similar diurnal temperature pattern as the target Settlement Operating Day.

(b) Perform two tests on each potential proxy day identified in item (a) above:

  (i) Temperature magnitude test sums the squared differences between the hourly temperatures of the target Operating Day and the hourly temperatures of the potential proxy day; and

  (ii) Temperature shape test calculates the incremental change in temperature from hour to hour during the day and sums the squared differences between the corresponding values of the target Operating Day and the potential proxy day.

(c) Each potential proxy day for each test described in item (b) above is ranked in ascending order based on the sum of squared differences.

(d) A final ranking is performed with the temperature magnitude test weighted more heavily than the shape test. The weighting factors are 70% and 30%.

(e) Select the top three ranked eligible days.

(f) For each ESI ID, do the following:

  (i) Use the top ranked proxy day for the target Operating Day, if available;

  (ii) If the top ranked proxy day data is not available, use the second ranked proxy day data as the estimate;

  (iii) If the second ranked proxy day data is not available, use the third proxy day;

  (iv) If no data is available for any of the proxy days selected, then default to the non-weather sensitive proxy day selection list; and

(v) If still no estimate is generated when the non-weather sensitive method is used, the IDR data will be estimated using the default profile class average profile for the Operating Day.

11.4.3.3 Non-Weather Sensitive Proxy Day Method

For ESI IDs designated as Non-Weather Sensitive IDR (NWSIDR), ERCOT will use a method for proxy day determination. This method incorporates the following:

(a) Use the most recent proxy day for which data is available as the estimate for the target Operating Day. From historical ESI ID specific interval data, choose the most recent occurrence of the appropriate day of the week (Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday) corresponding to the day of the week of the Operating Day (holidays are treated as Sundays) within the most recent 12 months of the Operating Day; or

(b) If there is no historic interval data available according to item (a) above, the IDR data will be estimated using the default profile assigned to the ESI ID for the Operating Day. If non-interval consumption data with a meter read within 12 months of the Operating Day is available, and if the ESI ID was profiled with a non-interval meter data type code within 90 days of the Operating Day, the default profile shall be estimated and/or scaled in accordance with Section 11.4.2, Non-Interval Missing Consumption Data Estimation.

11.4.3.4 Interval Data Recorder Estimation Reporting

ERCOT shall produce a report detailing the proxy day selection list for both NWSIDR and WSIDR methodologies. This report will be made available to Market Participants on a daily basis.

11.4.4 Data Aggregation Processing for Actual Data

The DAS will apply backcasted profiles to aggregated actual non-interval consumption data for use in Settlement when actual meter consumption data is available. IDR ESI IDs for which actual data exists will be used directly in the Data Aggregation process.

11.4.4.1 Application of Profiles to Non-Interval Data

(1) Non-Interval ESI ID locations for which actual consumption exists for the specified Operating Day will be pre-aggregated by like components which may include but are not limited to the following sets:

(a) QSE;

(b) LSE;

(c) Settlement Point;

(d) UFE zone;

(e) Profile ID;

(f) DLF code;

(g) TSP and/or DSP;

(h) Read start date (reading from date); and

(i) Read stop date (reading to date).

(2) Profile application will take aggregated non-interval consumption data and apply the Load Profile in order to create interval consumption data. Profiled non-interval data is calculated by dividing the aggregated ESI ID's total kWh for a specific time period (usually a month) by the profile class' kWh for the same specific time period and scaling the Load Profile for that same specific Operating Day by the resulting value to provide the profiled non-interval consumption data.

$$\mathbf{PND}_{\textit{Operating Day}} = \mathbf{(\Sigma Actual\ KWH}_{\textit{Specific Time Period}} \mathbf{/\ \Sigma CP\ KWH}_{\textit{Specific Time Period}}\mathbf{)} * \mathbf{LP}_{\textit{Operating Day}}$$

The above variables are defined as follows:

Variable	Unit	Description
PND		Profiled non-interval data.
CP		Class profile.
LP	kWh	Load Profile (daily interval data set).

11.4.4.2 Load Reduction for Excess PhotoVoltaic and Wind Distributed Renewable Generation

(1) Adjusted Metered Load (AML) for ESI IDs with PhotoVoltaic (PV) generation shall be adjusted as follows:

For ESI IDs with non-IDRs installed, AML shall be reduced for excess generation from ESI IDs with PV generation equal to or lower than the Distributed Generation (DG) registration threshold behind the meter where there is a meter that measures excess energy flow into the ERCOT System in a separate register. Only ESI IDs that have been assigned a PV profile segment as specified in Load Profiling Guide Appendix D, Profile Decision Tree, shall be eligible for this reduction.

Intervals beginning 1100 and ending 1500 Central Prevailing Time (CPT) (spanning (16) 15-minute intervals) shall be reduced by the following amount:

$$\mathbf{PV_adjust}_{i} = \mathbf{kWh_gen / (read_days * 16)}$$

The above variables are defined as follows:

Variable	Unit	Description
PV_adjust_{i}	kWh	Reduction for PV excess generation for interval *i*.
kWh_gen	kWh	Actual (measured) kWh flowing into the Distribution System (out-flow from the Premise).
read_days	days	Number of days in meter read period.

(2) AML for ESI IDs with wind generation shall be adjusted as follows:

For ESI IDs with non-IDRs installed, AML shall be reduced for excess generation from ESI IDs with wind generation equal to or lower than the DG registration threshold behind the meter where there is a meter that measures excess energy flow into the ERCOT System in a separate register. Only ESI IDs that have been assigned a wind profile segment as specified in the Load Profiling Guide Appendix D, shall be eligible for this reduction.

Intervals beginning 0800 and ending 2000 CPT (spanning (48) 15-minute intervals) shall be reduced by the following amount:

Wind_adjust = kWh_gen * .65 / (read_days * 48)

All other intervals in the day (the remaining 48 intervals) shall be reduced by the following amount:

Wind_adjust = kWh_gen * .35 / ((read_days * 48) + DST adjust)

Where:

Variable	Unit	Description
$wind_adjust_{i}$	kWh	Reduction for wind excess generation for interval *i*.
kWh_gen	kWh	Actual (measured) kWh flowing into the Distribution System (out-flow from the Premise).
read_days	days	Number of days in meter read period.
DST adjust	N/A	Daylight Savings Time Adjustment: Spring DST = -4; Fall DST = 4.

(3) The excess generation adjustments for ESI IDs, which have PV or wind generation of equal to or lower than the DG registration threshold, as described in Section 16.5, Registration of a Resource Entity, behind the meter and that have an Advanced Metering System (AMS) integrated meter that measures the excess energy flow into the ERCOT System in 15-minute intervals, shall be determined using the actual 15-minute interval data, if available.

11.4.4.3 Load Reduction for Excess from Other Distributed Generation

(1) AML for ESI IDs with DG that is neither PV nor wind shall be adjusted as follows:

For ESI IDs with non-IDRs installed, AML shall be reduced for excess generation from ESI IDs with DG generation of equal to or lower than the DG registration threshold behind the meter where there is a meter that measures excess energy flow into the ERCOT System in a separate register. Only ESI IDs that have been assigned a DG profile segment as specified in Load Profiling Guide Appendix D, Profile Decision Tree, shall be eligible for this reduction.

All intervals in the meter read period shall be reduced by the following amount:

$$\mathbf{DG_adjust}_{i} = \mathbf{kWh_gen / read_ints}$$

The above variables are defined as follows:

Variable	Unit	Description
DG_adjust_i	kWh	Reduction for excess DG for interval *i*.
kWh_gen	kWh	Actual (measured) kWh flowing into the Distribution System (out-flow from the Premise).
read_ints	Intervals	Number of 15-minute intervals in the meter read period.

(2) The energy reduction adjustment for ESI IDs, which have DG equal to or lower than the DG registration threshold behind the meter and have an AMS integrated meter that measures the excess energy flow into the ERCOT System in 15-minute intervals, shall be determined using the actual 15-minute interval data, if available.

11.4.5 Adjustment of Consumption Data for Losses

(1) The ERCOT DAS shall adjust consumption data for Transmission Losses and Distribution Losses. The sources of data used in this process are:

(a) Profiled estimated non-interval data;

(b) Estimated proxy day interval data;

(c) Profiled actual non-interval data;

(d) Actual interval data;

(e) DLFs; and

(f) TLFs (average ERCOT-wide).

(2) ERCOT will apply DLFs to aggregate levels of Load data in accordance with Section 13, Transmission and Distribution Losses. Aggregated Loads will be adjusted for Distribution Losses based upon DLF code correlated to the DLF for each TSP and/or

DSP. Loads that are transmission connected or that are settled at transmission level will not be allocated distribution level losses.

$$\mathbf{NDLAL}_{i\ Aggregated\ Group} = \mathbf{L}_{i\ Aggregated\ Group} * 1 / (1 - \mathbf{DLF}_{i\ Aggregated\ Group})$$

The above variables are defined as follows:

Variable	Unit	Description
i		Interval
$NDLAL_i$		Net Distribution Loss adjusted Load per interval
L_i		Load per interval
DLF_i		DLF (voltage code specific) per interval

(3) ERCOT will apply the ERCOT wide TLF to the net Distribution Loss adjusted Loads to produce a net loss adjusted aggregated Load value for each aggregation set. ERCOT wide TLFs will be developed in accordance with Section 13.

$$\mathbf{NLAL}_{i\ Aggregated\ Group} = \mathbf{NDLAL}_{i\ Aggregated\ Group} * 1/ (1 - \mathbf{TLF}_{i})$$

The above variables are defined as follows:

Variable	Unit	Description
i		Interval
$NDLAL_i$		Net Distribution Loss adjusted Load per interval
$NLAL_i$		Net loss adjusted Load per interval
TLF_i		TLF (ERCOT wide factor) per interval

11.4.6 Unaccounted for Energy Calculation and Allocation

The DAS shall adjust the net loss adjusted Load for each aggregated retail Load group for UFE. The Data Aggregation process will calculate the difference between net loss adjusted Load for the entire ERCOT System, which has been adjusted for Distribution Losses and Transmission Losses, and the total system Load (generation) in order to determine the total UFE. The calculated UFE for each Settlement Interval is then allocated to Loads. For the purpose of the UFE calculation, scheduled flow out of ERCOT on a Direct Current Tie (DC Tie) will be deemed as Load, and scheduled flow into ERCOT on a DC Tie will be deemed as generation.

11.4.6.1 Calculation of ERCOT-Wide Unaccounted For Energy

The DAS will calculate ERCOT-wide UFE as the difference between the total ERCOT generation and the total Load, adjusted for losses in ERCOT during each Settlement Interval. UFE may be positive or negative in any single Settlement Interval.

$$\mathbf{UFE}_{i}\ \mathbf{(MWh)} = \mathbf{ERCOT\ Generation}_{i\ Total} - \mathbf{ERCOT\ Net\ Loss\ Adjusted\ Load}_{i\ Total}$$

The above variables are defined as follows:

Variable	Unit	Description
UFE_{i}	MWh	Total ERCOT system UFE per interval.
$ERCOT\ Generation_{i\ Total}$	MWh	Total ERCOT internal generation plus sum of approved ERCOT DC Tie imports.
ERCOT Net Loss Adjusted Load $_{i\ Total}$	MWh	Total ERCOT load plus Block Load Transfer (BLT) exports plus sum of approved DC Tie exports, adjusted for distribution and transmission losses. Exports associated with Oklaunion exempt QSEs do not receive distribution or transmission losses.
i		Interval

11.4.6.2 Allocation of Unaccounted For Energy

(1) ERCOT will allocate UFE to specific categories based upon adjusted Load Ratio Share. The adjusted Load Ratio Share will be determined using the following UFE category weighting factors:

(a) 0.0 - Transmission voltage level IDR Non-Opt-In Entities (NOIEs);

(b) 0.10 - Transmission voltage level IDR Premises;

(c) 0.50 - Distribution voltage level IDR Premises; and

(d) 1.00 - Distribution voltage level profiled Premises.

(2) The ERCOT DAS shall provide a mechanism to change the UFE category weighting factors for specific transition periods.

11.4.6.3 Unaccounted For Energy Allocation to Unaccounted For Energy Categories

For each Premise category, and for each Settlement interval, the UFE allocated to each UFE category is calculated as follows:

$$\mathbf{UFE}_{PRiz} = \mathbf{UFE}_{iz} * [(\mathbf{f}_{PRiz} * \mathbf{L}_{PRiz}) / \mathbf{L}_{UFEiz}]$$

$$\mathbf{UFE}_{IDRiz} = \mathbf{UFE}_{iz} * [(\mathbf{f}_{IDRiz} * \mathbf{L}_{IDRiz}) / \mathbf{L}_{UFEiz}]$$

$$\mathbf{UFE}_{TRiz} = \mathbf{UFE}_{iz} * [(\mathbf{f}_{Triz} * \mathbf{L}_{TRiz}) / \mathbf{L}_{UFEiz}]$$

$$UFE_{TNOIEiz} = UFE_{iz} * [(f_{TNOIEiz} * L_{TNOIEiz}) / L_{UFEiz}]$$

$$L_{UFEiz} = f_{PRiz} * L_{PRiz} + f_{IDRiz} * L_{IDRiz} + f_{TRiz} * L_{TRiz} + f_{TNOIEiz} * L_{TNOIEiz} + f_{DNOIEiz} * L_{DNOIEiz}$$

$$L_{UFEi} = SUM(L_{UFEiz})_z$$

The above variables are defined as follows:

Variable	Unit	Description
i		Interval.
z		Zone.
UFE_{PRiz}		Amount of UFE allocated to profile category per interval per zone.
UFE_{IDRiz}		Amount of UFE allocated to IDR category per interval per zone.
UFE_{TRiz}		Amount of UFE allocated to transmission category per interval per zone.
$UFE_{TNOIEiz}$		Amount of UFE allocated to transmission voltage level NOIE category per interval per zone.
UFE_{i}		Total ERCOT system UFE per interval.
L_{PRiz}		Aggregate Load of profile category - adjusted for losses per interval per zone.
L_{IDRiz}		Aggregate Load of all IDR category - adjusted for losses per interval per zone.
L_{TRiz}		Aggregate Load of transmission category - adjusted for losses per interval per zone.
$L_{TNOIEiz}$		Aggregate Load of transmission level non opt-in category - adjusted for losses per interval per zone.
f_{PRiz}		Adjustment percentage for profiled Premises per interval per zone.
f_{IDRiz}		Adjustment percentage for IDR Premises per interval per zone.
f_{TRiz}		Adjustment percentage for transmission Premises per interval per zone.
$f_{TNOIEiz}$		Adjustment percentage for transmission voltage level non-opt-in Premises per interval per zone.
L_{UFEiz}		Adjusted total UFE allocation reference Load per interval per zone.

11.4.6.4 Unaccounted For Energy Allocation to Load Serving Entities within Unaccounted For Energy Categories

The UFE allocated to each UFE category type is then allocated to the LSEs within each UFE category based upon each LSE's share of the total Load for the UFE category.

$$UFE_{PRiz\ LSE} = UFE_{PRiz} * (L_{PRiz\ LSE} / L_{PRiz})$$

$$UFE_{IDRiz\ LSE} = UFE_{IDRiz} * (L_{IDRiz\ LSE} / L_{IDRiz})$$

$$UFE_{TRiz\ LSE} = UFE_{TRiz} * (L_{TRiz\ LSE} / L_{TRiz})$$

$$UFE_{TNOIEiz\ LSE} = UFE_{TNOIEiz} * (L_{TNOIEiz\ LSE} / L_{TNOIEiz})$$

The above variables are defined as follows:

Variable	Unit	Description
i		Interval.
z		Zone.
$UFE_{PRiz\ LSE}$		UFE allocated to LSE in UFE profile category per interval per zone.
$UFE_{IDRiz\ LSE}$		UFE allocated to LSE in UFE IDR category per interval per zone.
$UFE_{TRiz\ LSE}$		UFE allocated to LSE in UFE transmission category per interval per zone.
$UFE_{TNOIEiz\ LSE}$		UFE allocated to LSE in UFE transmission NOIE category per interval per zone.
UFE_{PRiz}		Amount of UFE allocated to profile category per interval per zone.
UFE_{IDRiz}		Amount of UFE allocated to IDR category per interval per zone.
UFE_{TRiz}		Amount of UFE allocated to transmission category per interval per zone.
$UFE_{TNOIEiz}$		Amount of UFE allocated to transmission voltage level NOIE category per interval per zone.
$L_{PRiz\ LSE}$		LSE Load in profile category - adjusted for losses per interval per zone.
$L_{IDRiz\ LSE}$		LSE Load in IDR category - adjusted for losses per interval per zone.
$L_{TRiz\ LSE}$		LSE Load in transmission category - adjusted for losses per interval per zone.
$L_{TNOIEiz\ LSE}$		LSE Load in transmission NOIE category - adjusted for losses per interval per zone.
L_{PRiz}		Aggregate Load of profile category - adjusted for losses per interval per zone.
L_{IDRiz}		Aggregate Load of all IDR category - adjusted for losses per interval per zone.

L_{TRiz}		Aggregate Load of transmission category - adjusted for losses per interval per zone
$L_{TNOIEiz}$		Aggregate Load of transmission level non opt-in category - adjusted for losses per interval per zone.

11.5 Data Aggregation

11.5.1 Aggregate Load Data

Load data will be aggregated into distinct grouping and segments such as Load Serving Entity (LSE), Qualified Scheduling Entity (QSE), and Settlement Point, and provided to Settlement.

11.5.1.1 Aggregated Load Data Posting/Availability

(1) ERCOT will make available to Market Participants the following information on a daily basis:

(a) LSE Load Ratio Share data by ERCOT total;

(b) LSE Load values, by unique combination of QSE, Settlement Point, UFE zone, Load Profile Type, Distribution Loss Factor (DLF) code and Transmission Service Provider (TSP) and /or Distribution Service Provider (DSP);

(c) LSE Load plus allocation of Distribution Losses by unique combination of QSE, Settlement Point, UFE zone, Load Profile Type, DLF code and TSP and/or DSP;

(d) LSE Load plus allocation of Distribution Losses and Transmission Losses by unique combination of QSE, Settlement Point, UFE zone, Load Profile Type, DLF code and TSP and/or DSP; and

(e) LSE Load plus allocation of Distribution Losses, Transmission Losses UFE; by unique combination of QSE, Settlement Point, UFE zone, Load Profile Type, DLF code and TSP and/or DSP allocation of Distribution Losses, Transmission Losses and UFE.

(2) Each Market Participant will have access only to its own information and/or the information of the Entities which it represents. ERCOT will make the aforementioned data for each Settlement run available to Market Participants via the Market Information System (MIS) Certified Area within 48 hours of finalizing the data for Settlement statements.

11.5.1.2 TSP and/or DSP Load Data Posting/Availability

(1) ERCOT will post TSP and/or DSP Load plus allocation of Distribution Losses, Transmission Losses, and UFE, by TSP and/or DSP, to the MIS Secure Area.

(2) ERCOT will make the aforementioned data for each Settlement run type available to Market Participants via the MIS Secure Area within 48 hours of finalizing the data for Settlement Statements.

(3) ERCOT will post to the MIS Secure Area, a monthly report including TSP and/or DSP 15-minute interval Load data for each Operating Day adjusted to exclude Block Load Transfers (BLTs) or Direct Current Tie (DC Tie) exports.

11.5.2 Generation Meter Data Aggregation

ERCOT will perform generation aggregation by the following distinct criteria sets:

(a) By UFE zone: This data set is used in the calculation of UFE in the Load aggregation process; and

(b) By Generation Resource (Resource ID (RID)), by Resource Entities, by QSE and Settlement Point: This data set is passed to the Settlement process for generation imbalance calculations.

11.5.2.1 Participant Specific Generation Data Posting/Availability

(1) The following market-specific generation information will be made available by ERCOT to each Market Participant:

  (a) Generation unit production by Generation Resource Entity;

  (b) Generation Resource Entity total generation production by Settlement Point; and

  (c) QSE total generation production by Settlement Point.

(2) Each Market Participant will have access only to its own information and/or the information of the Entities, which it represents.

11.5.2.2 General Public Data Posting/Availability

(1) The following general market information will be posted to the MIS Secure Area:

  (a) Total generation; and

  (b) Total Adjusted Meter Load (AML).

[NPRR461: Insert item (c) below once sufficient amount of Wholesale Storage Load (WSL) aggregation has occurred in order not to reveal any individual Market Participant's Protected Information:]

(c) Total Wholesale Storage Load (WSL).

(2) ERCOT will make the aforementioned data for each Settlement run type available to Market Participants via the MIS Certified Area within 48 hours of finalizing the data for Settlement statements.

11.6 Unaccounted For Energy Analysis

11.6.1 Overview

(1) ERCOT will provide an annual Unaccounted For Energy (UFE) analysis report consisting of UFE data analysis from the preceding calendar year. This report will be based on final Settlement data and will be posted to the Market Information System (MIS) Public Area by April 30th. The appropriate Technical Advisory Committee (TAC) Subcommittee may:

(a) Request interim UFE analysis reports;

(b) Establish a task force for further UFE investigation that may include the establishment of UFE analysis zones. UFE analysis zones will not be used for Settlement purposes until adopted as UFE Settlement zones. Before adoption as UFE Settlement zones the following will be considered, at a minimum:

(i) Cost-benefit analysis;

(ii) Installation requirements for Revenue Quality Meters;

(iii) Impact on the Settlement system;

(iv) Impact on Market Participant systems; and

(v) Cost of UFE to Market Participants; and

(c) Identify factors that are contributing to UFE and work with the appropriate Entities to rectify problems causing UFE.

(2) ERCOT currently has one UFE zone for Settlement purposes, which encompasses all of ERCOT.

11.6.2 Annual Unaccounted For Energy Analysis Report

The annual UFE analysis report will contain both ERCOT-wide and UFE allocation category quantities as follows:

(a) Total UFE MWhs;

(b) Total UFE cost;

(c) Percent of total UFE to ERCOT Load;

(d) Percent of total UFE cost; and

(e) Notice of any factors that may be contributing to UFE.

ERCOT Nodal Protocols

Section 12: Market Information System

April 25, 2013

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12 MARKET INFORMATION SYSTEM

12.1 Overview

(1) ERCOT shall create and maintain an electronic Market Information System ("ERCOT Market Information System" or "MIS"). Part of the MIS contains information available to the public in the MIS Public Area; part of the MIS contains information available only to applicable Entities in the MIS Secure Area; and part of the MIS contains information available only to an individual Market Participant in the MIS Certified Area. The MIS Secure Area provides restricted access to critical energy infrastructure information.

(2) ERCOT shall also create and maintain an Internet website with public and restricted areas.

12.2 ERCOT Responsibilities

(1) ERCOT shall post information to the Market Information System (MIS) as directed throughout these Protocols. With the exception of information requested by a Market Participant in accordance with paragraph (3) below, ERCOT may not use the MIS to post information beyond that specifically required in these Protocols or market guides as described in paragraph (2) of Section 1.1, Summary of the ERCOT Protocols Document.

(2) ERCOT may use its Internet web site to communicate information that is not posted to the MIS.

(3) To the extent a request is reasonable, in ERCOT's sole discretion, ERCOT shall post to the MIS Certified Area information that is requested by a Market Participant but not required to be posted by these Protocols.

(4) ERCOT shall create and maintain a list of all of the posting requirements contained in these Protocols or market guides as described in paragraph (2) of Section 1.1. This list and changes thereto shall be posted to the MIS Public Area.

(5) ERCOT shall post the list of Other Binding Documents to the MIS Public Area.

[NPRR244: Insert paragraph (6) below upon project completion:]

(6) ERCOT shall post to the MIS Public Area business procedure documents, if they exist, for the following activities: credit management, process for conducting interconnection studies, process for conducting Reliability Must-Run (RMR) studies, processes for management of RMR units in the Day-Ahead, process for conducting Reliability Unit Commitment (RUC) and Hourly Reliability Unit Commitment (HRUC), process for development of the Congestion Revenue Right (CRR) Auction models, process for determining the Pre-Assigned Congestion Revenue Right (PCRR) allocations, process for determining when a market price is to be revised, process for revising prices, and process for determining when units procured in DRUC or HRUC are not needed. For the above

listed activities, ERCOT will post a business procedure document only after it has reviewed and determined that the document does not contain confidential information. If a business procedure document contains confidential information, such information shall be redacted before posting to the MIS Public Area.

12.3 MIS Administrative and Design Requirements

The MIS must comply with the administrative and design requirements specified as follows:

(a) ERCOT shall ensure that all Market Participants have access to the ERCOT MIS on a nondiscriminatory basis.

(b) The MIS must, at a minimum, provide all information required under any regulations of the Public Utility Commission of Texas (PUCT) or other Governmental Authorities.

(c) The MIS must include any available information that may be used by a Qualified Scheduling Entity (QSE) to estimate or verify bills for all ERCOT-provided settlements.

(d) At the request of an Eligible Transmission Service Customer, ERCOT shall provide the methodology and data to independently reproduce information contained in the MIS related to the operation of the ERCOT market.

(e) The MIS must include security measures to protect the confidentiality of Protected Information as required by these Protocols.

(f) The MIS must comply with industry standards for commercial websites, including query and search functionality.

(g) The MIS must provide easy navigation based on the posting list described in Section 12.2(4) above for document retrieval. This navigability must include hyperlinks between listings and the MIS posted information.

(h) The MIS must provide easy navigation to the Other Binding Documents described in Section 12.2(5) above. This navigability must include hyperlinks between listings and the documents.

12.4 ERCOT Internet Website

ERCOT shall create and maintain an Internet website consistent with industry standards for commercial websites, including query and search functionality. The MIS or a link to the MIS must be available from that Internet website. ERCOT may use its Internet web site to communicate information that is not posted to the MIS.

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Section 13: Transmission and Distribution Losses

August 1, 2013

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13 TRANSMISSION AND DISTRIBUTION LOSSES

13.1 Overview

This section sets forth the method for calculating Transmission and Distribution Losses (T&D Losses) and responsibilities of ERCOT, Qualified Scheduling Entities (QSEs), Transmission Service Providers (TSPs) and Distribution Service Providers (DSPs) with respect to T&D Losses.

13.1.1 Responsibility for Transmission and Distribution Losses

(1) T&D Losses are the responsibility of the QSE representing the Competitive Retailer's Load. The QSE will schedule the necessary amount of energy to cover the Competitive Retailer's Load plus the applicable T&D Losses. ERCOT shall allocate T&D Losses to Load at the appropriate aggregate level as part of the data aggregation process to calculate the Load obligation of QSEs for settlement purposes.

(2) ERCOT shall forecast Transmission Loss Factors (TLFs) and post them to the MIS Public Area by 0600 of the Day Ahead period. ERCOT shall forecast the ERCOT-wide TLFs as a percentage of Load for each Settlement Interval of the Operating Day. By the close of business on the day following the Operating Day, ERCOT shall also calculate TLFs for each Settlement Interval using the actual system Load for that Settlement Interval and shall post the resulting deemed actual TLFs to the settlement system and the MIS Public Area.

(3) ERCOT shall forecast Settlement Interval Distribution Loss Factors (DLFs) and post them to the MIS Public Area by 0600 of the Day Ahead period. ERCOT shall forecast the Settlement Interval DLFs as a percentage of Load for each Settlement Interval of the Operating Day. On the day following the Operating Day, ERCOT shall also calculate Settlement Interval DLFs using actual system Load for that Settlement Interval and post the resulting deemed actual Settlement Interval DLFs to the settlement system and the MIS Public Area.

(4) Distribution loss coefficients, and the calculation methodology from which they are derived, will be subject to audit by ERCOT for accurate and consistent application. Non-Opt-in Entities (NOIE) with Interval Data Recorders at the settlement point of delivery are not required to provide Distribution loss coefficients and calculation methodology.

(5) In the special case where there are distribution facilities upstream from a wholesale NOIE settlement IDR, that NOIE settlement IDR will be compensated for line and transformer losses between the IDR and the ERCOT Transmission Grid to account for the Distribution Losses. The NOIE will be then treated as a transmission level NOIE. Calculations are subject to review by ERCOT. Since loss compensation is included in the wholesale settlement IDR, the TSP and/or DSP providing upstream wheeling facilities may need to offer wholesale wheeling tariffs excluding the losses that have already been compensated for.

13.1.2 Calculation of Losses for Settlement

ERCOT shall use the deemed actual Settlement Interval DLFs applicable to each ESI ID and the deemed actual Settlement Interval TLFs when adjusting aggregated Load for losses to determine the QSE total Load obligations.

13.2 Transmission Losses

13.2.1 Forecasted Transmission Loss Factors

(1) The forecasted Transmission Loss Factor (TLF) for each interval in the Operating Day shall be a linear interpolation or extrapolation using the on-peak and the off-peak TLFs and the corresponding forecast of ERCOT System Load during the same interval to calculate the loss factors.

(2) At 0600 of the Day-Ahead period, ERCOT shall forecast a TLF for each Settlement Interval of the Operating Day and post on the Market Information System (MIS) Public Area the forecasted TLFs which correspond to the Operating Day forecast. The source of the on-peak and off-peak losses are the ERCOT load flow base cases for the applicable season. For the purpose of Section 13.2, Transmission Losses, "season" is defined as those set forth in item (1) of Section 13.2.4, Seasonal Transmission Loss Factor Calculation.

13.2.2 Deemed Actual Transmission Loss Factors

(1) ERCOT shall determine the deemed actual TLF for each interval in the Operating Day, by use of a linear interpolation or extrapolation using the on-peak and the off-peak TLFs corresponding to the actual ERCOT System Load during the interval.

(2) The day after the Operating Day, ERCOT shall calculate deemed actual TLFs for each Settlement Interval of the Operating Day and publish the TLFs to be used in Settlement calculations.

(3) ERCOT shall use the TLFs corresponding to the on-peak and off-peak base case ERCOT System Loads during the applicable seasons as the basis for the ERCOT-wide deemed actual TLFs. ERCOT will post TLFs to the MIS Public Area by 0600 two days after the Operating Day.

13.2.3 Transmission Loss Factor Calculations

The following formulas shall be used to translate the seasonal on-peak and off-peak TLFs into Settlement Interval TLFs.

$$TLF_i = (SSC * SIEL_i) + SIC$$

Variable	Unit	Description
i	none	Interval

TLF_i	none	Transmission Loss Factor for a Settlement Interval
$SIEL_i$	MWh	Settlement Interval ERCOT System Load (forecasted or actual)
SSC	none	Seasonal Slope Coefficient
SIC	none	Seasonal Intercept Coefficient

And

SSC = (SONLF – SOFFLF)/(SONL-SOFFL)

SIC = [(SOFFLF*SONL)-(SONLF*SOFFL)]/(SONL-SOFFL)

Variable	Unit	Description
SONLF	none	Seasonal on-peak percent loss factor
SOFFLF	none	Seasonal off-peak percent loss factor
SONL	none	Seasonal on-peak Load value
SOFFL	none	Seasonal off-peak Load value

13.2.4 Seasonal Transmission Loss Factor Calculation

(1) Seasonal on-peak and off-peak TLFs are derived from the annually updated ERCOT on-peak and off-peak load flow base cases analysis by ERCOT. Base cases reflect the most current data on the transmission system and Generation Resource dispatch. The ERCOT Transmission Grid topology and related Generation Resource dispatch in the base cases are the critical factors in calculating losses. Seasonal time periods are defined as follows:

(a) Spring (March – May)

(b) Summer (June – September)

(c) Fall (October – November)

(d) Winter (December – February)

(2) ERCOT shall calculate seasonal TLFs by dividing ERCOT seasonal case transmission losses (60 kV system and higher) by the ERCOT seasonal base Load adjusted (reduced) for self serve Load modeled in the case. The resulting loss factors are expressed as a percentage of Load.

(3) ERCOT shall post the seasonal TLFs to the MIS Public Area prior to the start of the year. The posting will include monthly on-peak and off-peak cases for 18 months in the future.

13.2.5 Loss Monitoring

ERCOT shall monitor Transmission Losses annually and will investigate any abnormal loss factors. ERCOT and TSPs shall use the cost of losses as one criterion in evaluating the need for transmission additions.

13.3 Distribution Losses

(1) By October 30th of each year for the next calendar year, or two months prior to the posting of any update to the approved Distribution loss coefficients, codes, or calculation, each Distribution Service Provider (DSP), except Non-Opt-In Entities (NOIEs), shall calculate and provide ERCOT the annual Distribution loss coefficients to be applied to distribution voltage level Loads in its area of certification. ERCOT shall review and approve the Distribution Loss Factor (DLF) calculation methodology used by each DSP prior to use of the loss coefficients for settlement purposes. If the DLF calculation methodology does not conform with ERCOT's interpretation of the Protocol criteria in this subsection, ERCOT will work with the DSP to correct the deficiency. Until deficiencies are resolved, the last approved Distribution loss coefficients and the calculation methodology will be posted, and the last approved Distribution loss coefficients shall be used for settlement. A DSP may only submit a change to the DLF calculation methodology annually or when a change in a DSP service area warrants an update to the approved DLF methodology based on the DSP internal evaluation.

(2) The DSP shall assign a Distribution loss code to each Electric Service Identifier (ESI ID). A maximum of five Distribution loss codes may be submitted for each DSP based upon ERCOT approved parameters, such as service voltages or number of transformations.

(3) The following standards will be used to identify the Distribution loss code applicable to each ESI ID:

- T = Transmission connected Customers (no Settlement Interval DLF applied)
- A through E = Transmission and/or Distribution Service Provider (TDSP) defined Customer segment(s)

(4) The DSPs, except NOIEs, are obligated to provide Distribution loss coefficients to ERCOT. ERCOT will post the Distribution loss coefficients and calculation methodology, for each DSP.

(5) Distribution loss information submitted by the DSP shall include:

(a) The annual Distribution loss coefficients (F_1, F_2, and F_3) for each Distribution loss code; and

(b) The methodology upon which the calculation of the coefficients (F_1, F_2, and F_3) was made.

(6) A NOIE may provide ERCOT with the information detailed in paragraph (5) above. If such information is provided, ERCOT shall calculate and post NOIE DSP DLFs using the same processes for the calculation and posting of competitive DSP DLFs.

13.3.1 Loss Factor Calculation

(1) ERCOT shall use the Distribution loss coefficients submitted by the DSP to calculate the Settlement Interval DLFs. Settlement Interval DLFs will be calculated from the data provided by DSPs as follows using the following equation:

$SILF_i = F_1 * (SIEL_i/AAL) + F_2 + F_3 / (SIEL_i/AAL)$

Variable	Unit	Description
i		interval
SILFi		Settlement Interval DLF
SIELi		Settlement Interval ERCOT System Load (forecasted or actual)
AAL		Annual Interval Average ERCOT System Load. The AAL is calculated using the total ERCOT Load stated in the most recent settlement during the period beginning on September 1 and ending August 31. ERCOT will provide the AAL to DSPs that are obligated to provide Distribution loss coefficients and calculation methodology to ERCOT, by September 15th of each year.
F_1, F_2, F_3		Distribution Loss coefficients determined by the Distribution Service Provider to allow calculation of its SILF from ERCOT System Load

(2) ERCOT shall use the deemed actual Settlement Interval DLFs calculated for each Settlement Interval of the Operating Day for settlement purposes.

13.3.2 Loss Monitoring

Distribution loss coefficients and the calculation methodology from which they are derived for all DSPs, except for NOIEs, will be submitted to ERCOT and will be subject to audit for accuracy and consistency of application.

13.4 Special Loss Calculations for Settlement and Analysis

13.4.1 Deemed Actual Transmission Losses for NOIEs

(1) All Qualified Scheduling Entities (QSEs) representing Load, including Non-Opt-In Entities (NOIEs), will be responsible for Transmission Losses allocated in the manner described in these Protocols. Those Entities using transmission tie line meters to determine Load will adjust the net meter readings to remove calculated Transmission Losses behind the meter in order to determine the Load responsibility of the Entity. ERCOT will provide to Settlement the calculation of the losses behind the meters, for each interval, using actual system conditions for that interval.

(2) The deemed actual Transmission Losses for NOIEs shall be a linear interpolation or extrapolation between the seasonal on-peak and the seasonal off-peak NOIE Transmission Loss Factors (TLFs) corresponding to the actual NOIE metered Load in the interval.

(3) ERCOT shall calculate seasonal NOIE TLFs corresponding to the on-peak and off-peak base case system loads during each of the subsequent 18 calendar months as the basis for the NOIE TLFs. NOIE seasonal loss factors will be calculated in the same manner as the loss factors are calculated for the ERCOT-wide TLFs.

ERCOT Nodal Protocols

Section 14: State of Texas Renewable Energy Credit Trading Program

January 1, 2013

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14 STATE OF TEXAS RENEWABLE ENERGY CREDIT TRADING PROGRAM

14.1 Overview

(1) On May 9, 2000, the Public Utility Commission of Texas (PUCT) appointed ERCOT as Program Administrator of the Renewable Energy Credits (REC) Trading Program described in subsection (g) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy.

(2) The purposes of the REC Trading Program are:

(a) To ensure that the cumulative installed generating capacity from renewable energy technologies in this state totals 2,280 megawatts (MW) by January 1, 2007, 3,272 MW by January 1, 2009, 4,264 MW by January 1, 2011, 5,256 MW by January 1, 2013, and 5,880 MW by January 1, 2015, with a target of at least 500 MW of the total installed renewable capacity after September 1, 2005, coming from a renewable energy technology other than a source using wind energy, and that the means exist for the state to achieve a target of 10,000 MW of installed renewable capacity by January 1, 2025;

(b) To provide for a REC Trading Program by which the renewable energy requirements established by the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 39.904(a) (Vernon 1998 & Supp. 2007) (PURA) may be achieved in the most efficient and economical manner; to encourage the development, construction, and operation of new renewable energy Resources at those sites in this state that have the greatest economic potential for capture and development of this state's environmentally beneficial Resources; to protect and enhance the quality of the environment in Texas through increased use of renewable Resources; and

(c) To ensure that all Customers have access to providers of energy generated by renewable energy Resources pursuant to PURA § 39.101(b)(3).

(3) ERCOT shall administer the REC Trading Program, which became effective July 1, 2001. Entities participating in the REC Trading Program must register with and execute the appropriate agreements with ERCOT.

14.2 Duties of ERCOT

As described in more detail in this Section, ERCOT shall:

(a) Register renewable energy generators;

(b) Register offset generators;

(c) Register competitive Retail Entities;

(d) Register other Entities choosing to participate in the Renewable Energy Credit (REC) Trading Program;

(e) Create and maintain REC trading accounts for REC Trading Program participants;

(f) Determine the annual Renewable Portfolio Standard (RPS) requirement for each competitive Retail Entity in Texas using the formulas set forth in this Section;

(g) On a quarterly basis, award RECs or Compliance Premiums earned by REC generators based on verified MWh production data;

(h) Verify that competitive Retail Entities meet annual REC compliance requirements;

(i) Retire RECs or Compliance Premiums as directed by REC Trading Program participants;

(j) Retire RECs or Compliance Premiums as they expire;

(k) On a monthly basis, make public the aggregated total MWh competitive energy sales in Texas;

(l) Make public a list of REC Account Holders with contact information (e-mail, address, and telephone number) so as to facilitate REC or Compliance Premium trading;

(m) Maintain a list of offset generators and the competitive Retail Entities to whom such a generator's offsets were awarded by the Public Utility Commission of Texas (PUCT);

(n) Conduct a REC Trading Program Settlement process annually;

(o) File an annual report with the PUCT as specified in subsection (g)(11) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy;

(p) Monitor the operational status of participating renewable energy generation facilities in Texas and record retirements;

(q) Compute and apply a revised Capacity Conversion Factor (CCF) (as described in Section 14.9.2, Capacity Conversion Factor) every two years;

(r) Audit MWh production data from certified REC generating facilities;

(s) Audit MWh production from renewable energy generation facilities producing offsets for competitive Retail Entities on an annual basis;

(t) Post a list of Facility Identification Numbers, and the associated renewable energy generation facility name, location, type, and noncompetitive certification data on the Market Information System (MIS) Public Area; and

(u) Receive, implement and protect the confidentiality of Electric Service Identifiers (ESI IDs), identity of Retail Electric Provider (REP), and consumption data associated with transmission-level Customers that choose to have their Load excluded from the RPS calculation consistent with Section 14.5.3, End-Use Customers, and P.U.C. SUBST. R. 25.173(j).

14.2.1 Site Visits

ERCOT may conduct site visits to renewable energy generation facilities on a random basis to ensure integrity of the REC Trading Program, as deemed necessary. ERCOT shall require each registered renewable energy generator to provide one or more contact persons for purpose of site visit notification. ERCOT shall provide at least 48 hours notice to the designated contact(s) prior to conducting a site visit for wind Resources only.

14.3 Creation of Renewable Energy Credit Accounts and Attributes of Renewable Energy Credits

14.3.1 Creation of Renewable Energy Credit Accounts

ERCOT shall create Renewable Energy Credit (REC) accounts for any party desiring to participate in the REC Trading Program. ERCOT shall require all holders of REC trading accounts to execute a standard Agreement with ERCOT. Each party requesting a REC trading account must name a Designated Representative and may name an additional contact person. The Designated Representative must have the authority to represent and legally bind the owners and operators of the renewable Resource in all matters pertaining to the REC Trading Program. These individuals will be the contact persons for ERCOT on matters regarding a REC trading account.

14.3.2 Attributes of Renewable Energy Credits and Compliance Premiums

(1) A REC or Compliance Premium is a tradable instrument that represents all of the renewable attributes associated with one MWh of production from a certified renewable generator. A REC or Compliance Premium may trade separately from energy. RECs are distributed to REC generators on a quarterly basis by ERCOT. The number of RECs distributed to a certified generator is based on physically metered MWh production. RECs may be traded, transferred, and retired.

(2) Compliance Premiums are awarded by the Program Administrator in conjunction with a REC that is generated by a renewable energy Resource that is not powered by wind and meets the criteria of subsection (l) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy. For the purpose of the Renewable Portfolio Standard (RPS) requirements, one Compliance Premium is equal to one REC.

REC Information	Field	Description

	Length	
Year	4 Digits	Year REC was issued.
Quarter	1 Digit	Quarter REC was issued.
Type of Renewable Resource	2 Characters	Abbreviated reference to type of renewable Resource.
Facility Identification Number	5 Digits	Number to be assigned by ERCOT.
REC Number	8 Digits	REC Number 1 through the number of MWh generated by the facility during the quarter.

(3) The Facility Identification Number assigned by ERCOT will be fixed for a facility's lifetime, and will therefore remain constant regardless of changes in facility name or ownership. Facilities must file changes of name, ownership, or other relevant certification information with ERCOT within 30 days of such changes.

(4) Generating facilities that lose their Public Utility Commission of Texas (PUCT) REC generator certification will not be awarded RECs by ERCOT subsequent to the date of the certification revocation, unless ERCOT is otherwise directed by the PUCT.

(5) A REC generated on or after January 1, 2002, will have an issue date of the Compliance Period in which it is generated.

(6) RECs have a useful life of three Compliance Periods. For example, a qualifying MWh of renewable energy generated on December 31, 2006 will be the basis for a REC having an issue date of 2006. The three Compliance Periods for which this REC may be used are 2006, 2007, and 2008. This REC will expire one Business Day after March 31, 2009. March 31 is the date by which a competitive Retail Entity must submit its annual REC compliance retirement information to ERCOT.

14.4 Registration to Become a Renewable Energy Credit Generator or Renewable Energy Credit Aggregator

(1) Renewable Energy Credit (REC) generators or REC aggregators must apply to the Public Utility Commission of Texas (PUCT) for certification to produce or aggregate RECs. On receipt of a copy of a notification from the PUCT certifying that a renewable energy generation facility is eligible to generate or an Entity is eligible to aggregate RECs, ERCOT shall establish a REC trading account for the facility or Entity. Each REC trading account shall have a unique identification number.

(2) After providing 30 days Notice to the REC Account Holder, ERCOT will close an account holding no RECs or Compliance Premiums for a period of one year.

14.5 Reporting Requirements

14.5.1 Renewable Energy Credit Generators and Renewable Energy Credit Offset Generators

(1) All Renewable Energy Credit (REC) generators and REC offset generators must report quarterly MWh production data to ERCOT no later than the 38th day after the last Operating Day of the quarter, in an electronic format prescribed by ERCOT. The reported MWh quantity shall be solely produced from, and attributable to, a renewable generator as so designated by the Public Utility Commission of Texas (PUCT). Information relevant to quarterly reporting shall be handled in one of the following processes:

(a) Renewable All-Inclusive Generation Resource Facilities that have interval meters, pursuant to Section 10, Metering, and have interval metered generation data provided to ERCOT for energy Settlement will:

(i) Have the quarterly reporting function performed on their behalf by ERCOT using the Settlement Quality Meter Data extracted from the ERCOT Settlement system; or

(ii) Self-report their Settlement quality MWh production data to ERCOT, in a format and on a timeline prescribed by ERCOT, based on Metering Facilities that are:

(A) Installed, operated and maintained by the Resource Facility;

(B) Installed in a location to only record energy from generation certified by the PUCT to receive RECs;

(C) Compliant with American National Standards Institute (ANSI) C12, Code for Electricity Metering, metering accuracy standards; and

(D) Verified for accuracy every six years.

(b) REC aggregation companies shall report production from microgenerator renewable energy Resources that are not interval metered for energy Settlement, in accordance with the methodology approved by the PUCT for the purposes of measuring the REC production of such Resources, in the format prescribed by ERCOT, including applicable supporting documentation;

(c) All other REC generators, not specifically covered in items (a) and (b) above, must report Settlement quality MWh production data to ERCOT in a format and on a timeline prescribed by ERCOT; provided that REC generators not interconnected to any Transmission and/or Distribution Service Provider (TDSP) may use performance measures for REC production as approved by the PUCT; or

(d) Entities certified to produce RECs from landfill gas supplied directly to a gas distribution system operated by a Municipally Owned Utility (MOU) shall report

the MWh equivalent production data and supporting calculations to ERCOT on a timeline prescribed by ERCOT.

(2) From time to time, or as determined to be necessary by ERCOT or the PUCT, Entities may be required to submit supporting documentation to allow verification of generation quantities.

(3) The failure of a REC generator to report generation data in a timely fashion shall result in a delay in the issuance of RECs or Compliance Premiums for that generation facility for that quarter. RECs or Compliance Premiums delayed by untimely reporting will be awarded during the REC award period next occurring after the required data are reported. The issue date of such RECs or Compliance Premiums will be based on the quarter in which the RECs or Compliance Premiums were actually generated.

14.5.2 Retail Entities

(1) To enable Retail Entities the ability to calculate their Renewable Portfolio Standard (RPS) requirements, all Retail Entities serving Load in the state of Texas shall provide Load data to ERCOT on a monthly basis, and no later than the 38th day after the last Operating Day of the month, in an electronic format prescribed by ERCOT. The reported MWh quantity shall be solely the energy consumed by Customers in Texas. Load data shall be provided in one of the following processes:

(a) Competitive Retail Entities serving Load located within ERCOT shall have this function performed for them by ERCOT for the Load served within ERCOT. The data supplied by ERCOT shall be Settlement Quality Meter Data extracted from the ERCOT Settlement system; or

(b) Entities participating in the REC Trading Program that serve Load outside the ERCOT Region must report Settlement quality MWh Load data for Load served outside the ERCOT Region to ERCOT in a format prescribed by ERCOT.

(i) Entities reporting under paragraph (b) shall not include any MWhs served to a location for which a Customer has submitted a notice letter pursuant to subsection (j) of P.U.C. SUBST. R 25.173, Goal for Renewable Energy.

(ii) Notwithstanding the foregoing reporting requirements, such Entities shall submit monthly MWh Load data for December of each year by no later than January 15 of the following year. Any error in estimating December Load shall be corrected by the submitting Entity in the following year's true-up calculation as per subsection P.U.C. SUBST. R. 25.173(h)(3).

(2) On a monthly basis, ERCOT shall calculate the MWh consumption of energy by Customers served by competitive Retail Entities in Texas, using Load data submitted by program participants. ERCOT shall adjust the Load data to ensure that any Load (MWh) covered by notice consistent with Section 14.5.3, End-Use Customers, is removed.

(3) The failure of a competitive Retail Entity to report required Load data (including Load data for Electric Service Identifiers (ESI IDs) or accounts covered by notice, as specified in Section 14.5.3) in accordance with the Protocols shall result in estimation of Load data for the applicable competitive Retail Entity by ERCOT for purposes of allocation of annual RPS requirements.

14.5.3 End-Use Customers

To enable ERCOT to determine the total retail sales of all Retail Entities and the retail sales of a specific Retail Entity for Section 14.9.3.1, Preliminary Renewable Portfolio Standard Requirement for Retail Entities, and Section 14.9.5, Final Renewable Portfolio Standard Requirement, a transmission-level voltage Customer that wishes to have its Load excluded from RPS calculations pursuant to subsection (j) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy, must submit the information in accordance with the rule.

14.6 Awarding of Renewable Energy Credits

Following the end of each calendar quarter, and before the end of the next Business Day following receipt of all Renewable Energy Credit (REC) generator and Load data specified in Section 14.5.1, Renewable Energy Credit Generators and Renewable Energy Credit Offset Generators, and in Section 14.5.2, Retail Entities, ERCOT will credit RECs to the appropriate REC trading account. ERCOT shall base the number of RECs to be issued on the MWh generation data provided by REC generators or ERCOT as applicable. The number of RECs issued to a specific REC generator will be equal to the number of MWh generated by the certified generator during the quarter. Quarterly production shall be rounded to the nearest whole MWh, with fractions of 0.5 MWh or greater rounded up. If a REC generator is decertified during the quarter, RECs will be issued on MWhs produced during the quarter until the date and time of decertification.

14.6.1 Adjustments to Renewable Energy Credit Award Calculations

Adjustments (reductions) to REC awards are made for renewable facilities that use more than 2% fossil fuel, renewable facilities that are repowered, and for REC aggregators that use estimation techniques to report generation.

(a) Co-Fired Generator Adjustments:

(i) For REC generators using a renewable energy technology that requires the use of fossil fuel that is greater than 2%, and less than or equal to 25%, of the total annual fuel input on a British Thermal Unit (BTU) or equivalent basis, RECs can only be earned on the renewable portion of the production. RECs are awarded based on an adjusted number of MWh generated during the quarter.

(ii) The renewable energy Resource shall calculate the electricity generated by the unit in MWh, based on the BTUs (or equivalent) produced by the fossil fuel and the efficiency of the renewable energy Resource, subtract the MWh generated with fossil fuel input from the total MWh of generation and report the renewable energy generated to the Program Administrator;

(b) Repowered Facility Adjustments:

(i) A Repowered Facility is eligible to earn RECs on all renewable energy produced up to a capacity of 150 MW. Capacity greater than 150 MW may earn RECs for the energy produced in proportion to 150 divided by nameplate capacity.

(ii) Repowered Facilities with a generation capacity greater than 150 MW will be awarded RECs based on an adjusted number of MWh generated during the quarter.

$$\mathbf{AdjustedMWh = HO_q (150 / NC)}$$

The above variables are defined as follows:

Variable	Unit	Description
HO_q	MWh	Total production or historical output by the Repowered Facility for quarter "q"
NC	None	Nameplate capacity is the machine generation capacity posted on a specific piece of equipment or unit

(c) REC Aggregator Adjustments:

The REC aggregator may provide the Program Administrator with sufficient information for the Program Administrator to estimate with reasonable accuracy the output of each unit, based on known or observed information that correlates closely with the generation output. REC aggregators using approved estimation techniques to report renewable energy production shall be awarded one REC for every 1.25 MWh generated.

14.6.2 Awarding of Compliance Premiums

(1) A Compliance Premium is awarded by the Program Administrator in conjunction with a REC that is generated by a renewable energy Resource installed and certified after September 1, 2005 that is not powered by wind. For the purpose of the Renewable Portfolio Standard (RPS) requirements, one Compliance Premium is equal to one REC.

(2) One Compliance Premium shall be awarded for each REC awarded for energy generated after December 31, 2007.

14.7 Transfer of Renewable Energy Credits or Compliance Premiums Between Parties

(1) On the receipt of a request from the owner of a Renewable Energy Credit (REC) or Compliance Premium and purchaser of the REC or Compliance Premium, ERCOT will transfer the REC or Compliance Premium from the owner's REC trading account to the REC trading account specified in the transfer request. Transfer requests received by ERCOT and confirmed by both Entities by 1000 shall be effective the next Business Day.

(2) If a request for transfer cannot be executed, ERCOT will notify the requesting Entities of the reason.

(3) On completing a transfer, ERCOT shall notify the Designated Representatives of all involved REC trading account owners by e-mail.

(4) For the purpose of the REC Trading Program, RECs or Compliance Premiums residing in an Entity's REC trading account are deemed to be owned by that Entity.

(5) To the extent practicable, ERCOT will accommodate automated quarterly transfers.

14.8 Renewable Energy Credit Offsets

(1) To qualify for Renewable Energy Credit (REC) offsets in the REC Trading Program, a Retail Electric Provider (REP), Municipally Owned Utility (MOU), generation and transmission cooperative, distribution cooperative, or an affiliate of a REP, MOU, generation and transmission cooperative, or distribution cooperative must apply for REC offsets from the Public Utility Commission of Texas (PUCT) by June 1, 2001. This requirement is in effect without regard to whether or not the applicant will be a competitive Retail Entity on January 1, 2002. A REC offset represents one MWh of renewable energy from a renewable energy generator placed in service before September 1, 1999 that may be used in place of a REC to meet a renewable energy requirement. REC offsets may not be traded.

(2) After receipt of Notification from the PUCT (which shall include the name of the Entity receiving the offset, the name of the generator eligible to produce the offset, the value of the offset in MWh, and other information as applicable) verifying designation by the Entity receiving REC offsets, ERCOT shall use REC offsets from a competitive Retail Entity as part of its calculation of Final RPS Requirements (FRRs). REC offsets are not transferable. REC offsets will be considered valid until ERCOT receives Notification from the PUCT that the offset is no longer valid.

(3) For purposes of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy, a generation and transmission cooperative shall be responsible for the cumulative total of its cooperative members' renewable energy requirements as well as its affiliated cooperative members' renewable energy requirements. At the election of its board of directors, a generation and transmission cooperative will become responsible for the cumulative total of its distribution cooperatives' Renewable Portfolio Standard (RPS) requirements. The sharing of the REC offsets of the generation and transmission cooperative among its

distribution cooperatives shall not affect the cumulative total of the RPS requirements of the distribution cooperative members, or its affiliated cooperative members in meeting their share of the state's goals for renewable energy Resources.

14.9 Allocation of Statewide Renewable Portfolio Standard Requirement Among Retail Entities

Beginning with the 2002 Compliance Period, and every Compliance Period thereafter through 2020, the first quarter of each year shall be the Settlement period for the preceding Compliance Period. During this Settlement period each year the following actions shall occur:

(a) No later than the date set forth in P.U.C. SUBST. R. 25.173, Goal for Renewable Energy, the Program Administrator shall allocate the Statewide RPS Requirement (SRR) for the previous year's Compliance Period among all competitive Retail Entities in the state. This allocation represents the Renewable Energy Credit (REC) compliance requirements for the preceding Compliance Period. To perform this calculation, ERCOT shall use Load data provided to it as set forth in these Protocols.

(b) By the date set forth in P.U.C. SUBST. R. 25.173, the Program Administrator shall notify each competitive Retail Entity of its total final Adjusted RPS Requirement (ARR) for the previous Compliance Period.

(c) By the date set forth in P.U.C. SUBST. R. 25.173, each competitive Retail Entity must submit to the Program Administrator RECs from its REC Account equivalent to its ARR for the previous Compliance Period.

(d) The Program Administrator may request from the Public Utility Commission of Texas (PUCT) an adjustment to the deadlines set forth in this Section if certain factors, including but not limited to changes to the ERCOT Settlement Calendar, should affect the timely availability of reliable retail sales data or renewable Resource generation data necessary for calculating RPS requirements.

14.9.1 Annual Capacity Targets

(1) The renewable energy capacity targets (in megawatts) for each year are as follows:

Annual Capacity Target (MW)	Existing Renewable Capacity (MW)	Total Renewable Capacity Target (MW)	Compliance Period (Years)
400	880	1280	2002, 2003
850	880	1730	2004, 2005
1400	880	2280	2006, 2007
2392	880	3272	2008, 2009
3384	880	4264	2010, 2011

4376	880	5256	2012, 2013
5000	880	5880	2014, and each year after 2014

(2) ERCOT shall increase the new renewable energy capacity target for all future Compliance Periods to account for:

(a) Capacity producing RECs from eligible qualifying out-of-state facilities metered in Texas; and

(b) Capacity from a renewable energy generator placed in service before September 1, 1999 that has been retired or otherwise removed from the program and results in a statewide existing renewable capacity of less than 880 MW.

ERCOT shall apply any such changes for out-of-state capacity and retirements at such time the revised Capacity Conversion Factor (CCF) is computed and applied.

(3) RECs may be produced by generators certified by the PUCT which are not located in Texas if:

(a) The first metering point for such generation is in Texas; and

(b) All generation metered at the location of injection into the Texas grid comes from that generator.

(4) REC generators physically located outside the state of Texas are not included in the annual calculations of installed renewable capacity for purposes of the REC Trading Program. However, as such generation may contribute to the available pool of RECs, it is conceivable that there may be sufficient RECs to allow competitive Retail Entities to meet their annual requirements, while at the same time, a target capacity shortfall for installed renewable capacity in Texas could exist.

14.9.2 Capacity Conversion Factor

(1) ERCOT shall set the CCF to allocate credits to competitive Retail Entities. The CCF shall be calculated during the fourth quarter of each odd numbered compliance year. ERCOT shall determine a new CCF as follows:

$$\textbf{Individual Facility CCF}_{i} = (12/n) * \sum_{t=1}^{n} \textbf{HO}_{i,t} / (\textbf{HC}_{i,t} * 8760)$$

The above variables are defined as follows:

Variable	Unit	Description
i	None	Individual renewable energy generation facility

n	None	Number of months a specific renewable energy generation facility was in operation over the past 24 months. *n* must be greater than or equal to 12 and less than or equal to 24.
$HO_{i,t}$	MWh	Total production by participating renewable generator *i* during Compliance Period *t*.
$HC_{i,t}$	MW	Average total generation capacity by participating renewable generator *i* during Compliance Period *t*.

and

$$\mathbf{CCF} = \sum_{i-1}^{q} (\mathbf{CCF}_i * \mathbf{PC}_i) / \sum_{i-1}^{q} \mathbf{PC}_i$$

The above variables are defined as follows:

Variable	Unit	Description
q	None	The total number of renewable energy generation facilities in the REC Trading Program
PC_i	MW	Participating Capacity as of September 30 of the year the revised CCF is calculated for renewable energy generation facility *i* in the state of Texas participating in the REC Trading Program for which at least 12 months of operating data are available.

(2) The CCF shall:

(a) Be based on actual generator performance data for the previous two years for all renewable Resources in the REC Trading Program during that period for which at least 12 months of performance data are available;

(b) Represent a weighted average of generator performance; and

(c) Use all actual generator performance data that are available for each renewable Resource, excluding data for testing periods.

(3) For purposes of calculating historical output from renewable capacity, ERCOT shall keep a list of renewable generators, REC certification dates, and annual MWh generation totals.

(4) ERCOT shall use this revised CCF for the two Compliance Periods immediately after it is set. If the PUCT has determined that the REC Trading Program is failing to meet the statutory targets for renewable energy capacity in Texas, it will instruct ERCOT to use a different number than that which would be calculated using the formula for the CCF. Such requests will be published on the ERCOT Market Information System (MIS) Public Area within ten Business Days of receipt of the letter from the PUCT.

14.9.3 Statewide Renewable Portfolio Standard Requirement

ERCOT shall determine the SRR for a particular Compliance Period as follows:

SRR = (ACT ∗ 8760 ∗ CCF) + RCP

The above variables are defined as follows:

Variable	Unit	Description
ACT	MW	Annual Capacity Target for new renewable energy generation facilities.
8760	None	The number of hours in a year.
CCF	None	Capacity Conversion Factor.
RCP	None	The number of Compliance Premiums retired during the previous Compliance Period.

14.9.3.1 Preliminary Renewable Portfolio Standard Requirement for Retail Entities

(1) ERCOT shall determine each competitive Retail Entity's Preliminary RPS Requirement as follows:

Preliminary RPS Requirement $_i$ = SRR * (CRSRES $_i$ / TS)

The above variables are defined as follows:

Variable	Unit	Description
i	None	Specific competitive Retail Entity.
SRR	REC	Statewide RPS requirement.
CRSRES $_i$	MWh	Retail sales of the specific competitive Retail Entity to Texas Customers during the Compliance Period, excluding sales by the specific Retail Entity to any Electric Service Identifiers (ESI IDs) or accounts for which an opt-out notice has been submitted under subsection (j) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy.
TS	MWh	Total retail sales of all competitive Retail Entities to Texas Customers during the Compliance Period, excluding all sales of all Retail Entities to ESI IDs or accounts for which an opt-out notice has been submitted under P.U.C. SUBST. R. 25.173(j).

(2) The sum of the Preliminary RPS Requirements for all competitive Retail Entities shall be equal to the SRR.

14.9.4 Application of Offsets - Adjusted Renewable Portfolio Standard Requirement

(1) For a competitive Retail Entity that has been awarded offsets by the PUCT, ERCOT shall subtract the REC offset amount from the Preliminary RPS Requirement. The reduction shall not exceed what would be necessary for the Final RPS Requirement to be zero. The total MWh reduction in the Preliminary RPS Requirement for all competitive Retail Entities constitutes Total Useable Offsets (TUOs).

(2) ERCOT shall determine each competitive Retail Entity's ARR as follows:

$$\mathbf{ARR}_i = \mathbf{Preliminary\ RPS\ Requirement}_i - \mathbf{EO}_i$$

The above variables are defined as follows:

Variable	Unit	Description
i	None	Specific Retail Entity.
EO_i	None	Total offsets the competitive Retail Entity is entitled to receive during the Compliance Period (not to exceed the competitive Retail Entity's Final RPS Requirement (FRR) before adjustment for any previous Compliance Period).

(3) ERCOT shall determine TUOs as follows:

$$\mathbf{TUO} = \mathbf{SRR} - \sum_{i=1}^{n} \mathbf{ARR}_i$$

The above variables are defined as follows:

Variable	Unit	Description
i	None	Specific competitive Retail Entity.
n	None	Number of competitive Retail Entities.
SRR	None	Statewide RPS Requirement.
ARR_i	None	Adjusted RPS Requirement for a specific competitive Retail Entity.

14.9.5 Final Renewable Portfolio Standard Requirement

(1) ERCOT shall redistribute the TUO amount over all competitive Retail Entities to determine the FRRs. ERCOT shall determine each competitive Retail Entity's FRR as follows:

$$\mathbf{FRR} = \mathbf{ARR}_i + (\mathbf{TUO} \times (\mathbf{CRSRES}_i / \mathbf{TS})) +/- \mathbf{Previous\ Year(s)\ FRR\ adjustment\ (recalculated\ in\ accordance\ with\ subsection\ (h)(3)\ of\ P.U.C.\ SUBST.\ R.\ 25.173,\ Goal\ for\ Renewable\ Energy)}$$

The above variables are defined as follows:

Variable	Unit	Description
ARR_i	None	Adjusted RPS Requirement for a specific competitive Retail Entity.
TUO	None	Total Usable Offsets.
$CRSRES_i$	MWh	Retail sales of the competitive Retail Entity to Texas Customers during the Compliance Period, excluding sales by the specific Retail Entity to any ESI IDs or accounts for which an opt-out notice has been submitted under P.U.C. SUBST. R. 25.173(j).

Variable	Unit	Description
TS	MWh	Total retail sales of all competitive Retail Entities to Texas Customers during the Compliance Period, excluding all sales or accounts of all Retail Entities to ESI IDs for which an opt-out notice has been submitted under P.U.C. SUBST. R. 25.173(j).

(2) This process will be an iterative process that will solve until the optimal allocation is reached with all FRRs resolved to the nearest whole REC.

(3) ERCOT shall notify each competitive Retail Entity of its FRR for the previous Compliance Period no later than the date set forth for such Notification in P.U.C. SUBST. R. 25.173(n)(1).

14.10 Retiring of Renewable Energy Credits or Compliance Premiums

A Renewable Energy Credit (REC) or Compliance Premium owner's Designated Representative must submit retirement requests to ERCOT. RECs or Compliance Premiums specified by a Designated Representative for retirement must be in the REC trading account from which they are being retired at the time the request is submitted. ERCOT shall retire such RECs or Compliance Premiums by removing them from the party's REC trading account and retiring the unique serial number, thus rendering the REC or Compliance Premium unusable for any other purpose. ERCOT shall maintain records to archive all RECs or Compliance Premiums that have been retired and to identify the basis on which RECs or Compliance Premiums were retired. The reasons for retiring RECs include mandatory compliance, voluntary retirement, and expiration. The reasons for retiring Compliance Premiums include mandatory compliance, voluntary retirement, and expiration.

14.10.1 Mandatory Retirement

(1) For each Compliance Period, beginning with the 2002 Compliance Period, by the date set forth for such notification in subsection (n)(2) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy, each competitive Retail Entity's Designated Representative shall notify ERCOT of the RECs or Compliance Premiums in its REC trading account to be used (retired) to satisfy its Final RPS Requirement (FRR) for the Compliance Period being settled. Each REC or Compliance Premium that is not used will remain in the holder's REC trading account until it is transferred to another party's account, expires, or is otherwise retired.

(2) Failure to provide sufficient RECs or Compliance Premiums shall be considered a failure of that competitive Retail Entity to meet its REC retirement obligations. ERCOT shall notify the Public Utility Commission of Texas (PUCT) when any competitive Retail Entity fails to meets its REC retirement obligations.

14.10.2 Voluntary Retirement

At the request of a REC Account Holder, ERCOT shall retire RECs and Compliance Premiums for reasons other than for meeting the mandated Renewable Portfolio Standard (RPS) requirements. Voluntarily retired RECs and Compliance Premiums may not be used to satisfy a competitive Retail Entity's RPS requirement. ERCOT shall include information concerning RECs and Compliance Premiums retired voluntarily in its annual report to the PUCT.

14.10.3 Retiring Unused Renewable Energy Credits or Compliance Premiums

ERCOT shall retire all unused RECs and Compliance Premiums upon their expiration as described in Section 14.3.2, Attributes of Renewable Energy Credits and Compliance Premiums.

14.11 Penalties and Enforcement

ERCOT is not responsible for developing, administering, or enforcing penalties associated with the Renewable Energy Credit (REC) Trading Program; these activities are within the scope of the Public Utility Commission of Texas (PUCT). ERCOT is responsible for informing the PUCT of competitive Retail Entities that do not meet their REC or Compliance Premium retirement obligations, of REC offset generators that do not produce generation sufficient to cover offsets they have been approved to provide, and of other anomalies which may come to ERCOT's attention through the administration of the REC Trading Program.

14.12 Maintain Public Information

(1) ERCOT shall maintain public information of interest to buyers and sellers of Renewable Energy Credits (RECs) or Compliance Premiums on the ERCOT Market Information System (MIS) Public Area. The information provided shall include, at a minimum, a directory of all REC generators, competitive Retail Entities, and other participants in the REC Trading Program. The directory shall include the following information:

(a) Name of the REC generator, competitive Retail Entity, or other REC Account Holder;

(b) Name of the Designated Representative;

(c) Street address or post office box number;

(d) City, state or province, and zip or postal code;

(e) Country (if not the United States);

(f) Phone number;

(g) Fax number;

(h) E-mail address (with hypertext link); and

(i) Web site address (with hypertext link).

(2) REC Account Holders shall describe their participation in the REC Trading Program using one or more of the following choices within a checkbox listing: REC generator, competitive Retail Entity, REC broker, REC trader, REC trading exchange, REC aggregation company, or other.

(3) Entities are responsible for notifying ERCOT of changes in the above information.

(4) ERCOT shall conspicuously display the following disclaimer in upper case and in bold font:

DISCLAIMER: ERCOT DOES NOT KNOW OR ENDORSE THE CREDIT WORTHINESS OR REPUTATION OF ANY REC ACCOUNT HOLDER LISTED IN THIS DIRECTORY.

(5) ERCOT may provide other information that describes the REC Trading Program, as it deems convenient or necessary for administering the REC Trading Program. ERCOT shall maintain a hypertext link to the appropriate pages on the Public Utility Commission of Texas' (PUCT's) website that are related to the REC Trading Program.

(6) ERCOT shall post each month the best available aggregated total energy sales (in MWh) of competitive Retail Entities in Texas for the previous month and year-to-date for the calendar year.

(7) ERCOT shall post a list of Facility Identification Numbers, associated names, locations, and types.

14.13 Submit Annual Report to Public Utility Commission of Texas

Beginning in 2002, ERCOT shall submit an annual report to the Public Utility Commission of Texas (PUCT) on or before the date set forth for such report in subsection (g)(11) of P.U.C. SUBST. R. 25.173, Goal for Renewable Energy. Such report shall contain the following information pertaining to program operation for the previous Compliance Period:

(a) MW of existing renewable capacity installed in Texas, by technology type;

(b) MW of new renewable energy capacity installed in Texas, by technology type;

(c) List of eligible non-Texas capacity participating in the program, by technology type;

(d) Summary of Renewable Energy Credit (REC) aggregation company activities, submitted in a format specified by the PUCT;

(e) Owner/operator of each REC generating facility;

(f) Date each new renewable energy facility began to produce energy;

(g) MWh of energy generated by renewable energy Resources as demonstrated through data supplied in accordance with these Protocols;

(h) List of renewable energy unit retirements;

(i) List of all competitive Retail Entities participating in the REC Trading Program;

(j) Final RPS Requirement (FRR) of each competitive Retail Entity;

(k) Number of REC offsets used by each competitive Retail Entity;

(l) A list of REC offset generators, REC offsets awarded and MWh production from each such generator on an annual basis;

(m) Number of RECs retired by each program participant by category (mandatory compliance, voluntary retirement, expiration, and total retirements);

(n) Number of Compliance Premiums retired by each program participant by category (mandatory compliance, expiration, and total retirements);

(o) List of all competitive Retail Entities in compliance with Renewable Portfolio Standard (RPS) requirement; and

(p) List of all competitive Retail Entities not in compliance with RPS requirement including the number of RECs by which they were deficient.

ERCOT Nodal Protocols

Section 15: Customer Registration

September 26, 2013

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15 CUSTOMER REGISTRATION

(1) ERCOT shall maintain a registration database of all metered and unmetered Electric Service Identifiers (ESI IDs) in Texas for Customer Choice. ERCOT will track transactions and allocate costs of the registration database to the Market Participants.

(2) ERCOT will immediately notify the Public Utility Commission of Texas (PUCT) and the affected Competitive Retailer (CR) if a Transmission and/or Distribution Service Provider (TDSP) fails to meet its Customer switch responsibilities under the ERCOT Protocols.

(3) All CRs with Customers in Texas, whether operating inside the ERCOT Region or not, shall be required to register their Customers in accordance with this Section.

(4) All Customer registration processes will be conducted using the appropriate Texas Standard Electronic Transactions (TX SETs). Definitions of all TX SET codes referenced in this Section can be found in Section 19, Texas Standard Electronic Transaction. A reference to any TX SET transaction should be read as referring to the named transaction or its Market Information System (MIS) equivalent, if any. Transaction flow diagrams for Customer registration processing are posted on the MIS Public Area.

(5) ERCOT will reject any initiating transaction due to date reasonableness if the requested implementation date is of more than 90 days in the future or 270 days in the past. Initiating transactions are: 814_01, Switch Request; 814_16, Move In Request; and 814_24, Move Out Request.

(6) ERCOT will prioritize initiating or inbound transactions in the following manner:

(a) Level 1 – Same day 814_16 transactions, same day 814_24 transactions, 814_01 transactions and 814_20, ESI ID Maintenance Requests (Create), will be processed in one Retail Business Hour.

(b) Level 2 – Standard 814_16 transactions and standard 814_24 transactions will be processed in two Retail Business Hours.

(c) Level 3 – 867_02, Historical Usage, 814_20, ESI ID Maintenance Requests (Maintain and Retire), will be processed in four Retail Business Hours.

(d) Level 4 – All 814_26, Historical Usage Requests, 814_18, Establish/Delete CSA Requests, and 814_19, Establish/Delete CSA Responses, will be processed in one Retail Business Day.

(7) For transactions to flow through ERCOT, back-dated transactions for a market-approved corrective action must meet the date reasonableness test. Market Participants must work with ERCOT for any manual changes to transactions that fall outside these dates for market-approved corrective action. However, a TDSP will reject a back-dated transaction that is not part of a market-approved transaction.

(8) For more information concerning the requirements for transaction processing in the retail market, please refer to the Retail Market Guide.

15.1 Customer Switch of Competitive Retailer

The following process shall be followed for a Competitive Retailer (CR) to switch an Electric Service Identifier (ESI ID).

15.1.1 Submission of a Switch Request

The CR shall submit a Switch Request to ERCOT using the 814_01, Switch Request. The Switch Request shall include, at a minimum, the five-digit zip code and an ESI ID. Within this transaction, the CR will also send information necessary for ERCOT to send a switch confirmation notice to the Customer as required by the applicable Public Utility Commission of Texas (PUCT) rules. The First Available Switch Date (FASD) is the day received by ERCOT unless received on a Sunday or an ERCOT holiday. If received on a Sunday or an ERCOT holiday, the FASD will be calculated as the next day that is not a Sunday or an ERCOT holiday.

15.1.1.1 Notification to Customer of Switch Request

ERCOT will send a switch confirmation notice to the Customer as specified in the PUCT rules. This notice will give the Customer information regarding the Switch Request as described in the PUCT rules.

15.1.1.2 Provision of Historical Usage

A request for historical usage may be submitted along with a Switch Request or as an ad hoc request.

15.1.1.2.1 Provision of Historical Usage with a Switch Request

(1) If requested by the switching CR in the Switch Request, the TDSP shall provide the most recent 12 months of historical usage, if available, to ERCOT, including monthly metered usage for the Customer's ESI ID and any applicable metered interval usage in accordance with the 867_02, Historical Usage. ERCOT's business process for Switch Requests is not linked to the receipt of the historical usage and the processing of the switch will continue regardless of the TSDP returning historical usage. Upon receipt of the historical usage from the TDSP, ERCOT shall forward it to the CR within four Retail Business Hours.

(2) Provision of meter read and historical usage data pursuant to this paragraph shall not be required when it would be prohibited by PUCT rules.

15.1.1.2.2 Ad Hoc Requests for Historical Usage

(1) To request historical usage on an ad hoc basis, the CR of Record must submit an 814_26, Historical Usage Request, to ERCOT. Within one Retail Business Day of receipt of an 814_26 transaction from a CR, ERCOT shall notify the TDSP of the ad-hoc request using the 814_26 transaction. The TDSP shall provide the requested information to ERCOT within two Retail Business Days of receipt of the 814_26 transaction using the 814_27, Historical Usage Response. ERCOT shall forward the usage information to the CR of Record using the 814_27 transaction within one Retail Business Day of receipt of the 814_27 transaction from the TDSP. The TDSP shall provide the most recent 12 months of historical usage, if available, to ERCOT, including monthly, metered usage for the Customer's ESI ID information and any applicable metered interval usage in accordance with the 867_02, Historical Usage. ERCOT will send the 867_02 transaction to the CR within four Retail Business Hours of receipt from the TDSP.

(2) Provision of meter read and historical usage data pursuant to this paragraph shall not be required when prohibited by PUCT rules.

15.1.1.3 Switch Enrollment Notification Request to TDSP

ERCOT will submit to the TDSP serving the ESI ID, an enrollment notification request using the 814_03, Enrollment Notification Request, within one Retail Business Hour of the receipt of a valid Switch Request. The notification will include the name of the CR requesting service to the ESI ID and will indicate the FASD calculated pursuant to Section 15.1.1, Submission of a Switch Request.

15.1.1.4 Response from TDSP to Registration Notification Request

(1) Upon receipt of an enrollment notification request, the TDSP shall provide ESI ID information to ERCOT, including:

(a) ESI ID;

(b) Service Address;

(c) Rate class and sub-class, if applicable;

(d) Special needs indicator;

(e) Load Profile Type;

(f) Scheduled meter read date;

(g) Meter type, identification number, number of dials and role for each meter at the ESI ID if the ESI ID is metered;

(h) Number and description of each unmetered device for unmetered ESI IDs;

(i) Station ID; and

(j) Distribution Loss Factor (DLF) code.

(2) This information shall be transmitted using the 814_04, Enrollment Notification Response, within two Retail Business Days of the receipt of the 814_03, Enrollment Notification Request. If the TDSP does not respond with the ESI ID information within two Retail Business Days after the receipt of the 814_03 transaction from ERCOT, ERCOT shall create an internal tracking exception. The switch will be held in "in review" status until the TDSP's 814_04 transaction response is received. If the TDSP's 814_04 transaction is not received within three Retail Business Days of receipt of the 814_03 transaction from ERCOT and is still not received by the earlier of the requested date on the switch or within 20 Retail Business Days after the original submission of the 814_03 transaction from ERCOT, ERCOT shall change the status of the switch to "cancel pending." The TDSP will receive notification of the pending switch cancellation through the 814_08, Cancel Request. The TDSP will respond using the 814_09, Cancel Response. If the 814_09 transaction is an "accept," the submitting CR will receive notification of the switch cancellation through the 814_08 transaction. Any other CR involved in the request to which an 814_06, Loss Notification, has been sent will also receive notification of the switch cancellation through the 814_08 transaction. If the 814_09 transaction from the TDSP is a reject, the switch will return to an "in review" status and the TDSP shall also transmit an 814_04 transaction within one Retail Business Day.

(3) If the TDSP responds to ERCOT's 814_03 transaction with an 814_04 transaction and then later submits an 814_28, Complete Unexecutable or Permit Required, indicating the TDSP is unable to complete the switch, ERCOT will send the TDSP's 814_28 transaction to the requesting CR. The TDSP will note the complete unexecutable reason on the 814_28 transaction. The initiating transaction is considered unexecutable. The current CR will remain the CR of Record.

15.1.1.5 Response to Valid Enrollment Request

Within one Retail Business Day of receipt of the TDSP's 814_04, Enrollment Notification Response, ERCOT will respond to the requesting CR in accordance with the 814_05, CR Enrollment Notification Response. This response will contain the scheduled meter read date for the switch and all information the TDSP furnished to ERCOT under the TDSP's 814_04 transaction. The TDSP must effectuate the switch within two Retail Business Days of the scheduled meter read date.

15.1.1.6 Loss Notification to Current Competitive Retailer (with date)

Within two Retail Business Days of the scheduled meter read date for the switch, but not before the receipt of the TDSP's 814_04, Enrollment Notification Response, ERCOT will notify the current CR using the 814_06, Loss Notification. This notification will contain the scheduled meter read date for the switch.

15.1.1.7 Completion of Switch Request and Effective Switch Date

(1) A Switch Request is effectuated on the actual meter read date in the 867_04, Initial Meter Read, or the final 867_03, Monthly or Final Usage, which must be equal to the scheduled meter read date. The process for a specific Switch Request is complete upon receipt of the effectuating meter read sent by the TDSP. The TDSP shall send the meter read information to ERCOT using the 867_03 transaction and 867_04 transaction within three Retail Business Days of the meter read. This transaction will contain an effectuating meter read indicator. If the TDSP has made every reasonable effort to get the actual data for the meter read and absolutely cannot, the TDSP may estimate the reading for the ESI ID, regardless of the meter type or Customer class. When an estimate occurs on a demand meter, the demand indicator has not been reset. Upon receipt, ERCOT will send final meter read information to the current CR and initial meter read information to the new CR using the 867_03 transaction and 867_04 transaction, as appropriate. Meter reads received by 1800 will be available to the CR by 0600 the next day.

(2) Failure by ERCOT to provide the initial meter read information does not change the effective date of the switch.

(3) Switches shall become effective at 0000 (midnight) on the actual date of the effectuating meter read. The new CR may request a special meter read (including a profile-estimated meter read or interval meter calculation as allowed), in accordance with the TDSP's tariff. For a special meter read, the switch is effective at 0000 (midnight) the day of the special meter read. During the switch process, the Customer will continue to be served by its current CR.

15.1.1.8 Rejection of Switch Request

(1) ERCOT will process Switch Requests upon receipt during Business Hours. If the request is invalid, i.e., meets one of the requirements as identified in this Section, ERCOT will respond to the CR with the 814_02, Switch Reject Response, within one Retail Business Hour of ERCOT's receipt of the Switch Request, and the switch process will terminate.

(2) ERCOT will reject a Switch Request using the 814_02 transaction for any of the following reasons:

(a) The ESI ID provided is inactive or does not exist;

(b) The ESI ID and five digit zip code do not match;

(c) The CR is not certified by the PUCT, if required;

(d) The CR is not authorized to provide service in the TDSP service area;

(e) The CR has not registered as a CR with ERCOT in accordance with Section 16, Registration and Qualification of Market Participants;

(f) The PUCT directs ERCOT to reject registration requests from the CR per applicable PUCT rules;

(g) The standard Switch Request was received after a valid standard Switch Request was scheduled for the same date;

(h) The CR specifies a billing type or bill calculation code for an ESI ID that is not supported by the TDSP, Municipally Owned Utility (MOU), or Electric Cooperative (EC);

(i) The CR submits a Switch Request type that is invalid or undefined;

(j) The CR is already the CR of Record for the ESI ID or scheduled to be the CR of Record for the ESI ID on the requested date;

(k) The Customer notification name or address is required but invalid according to Texas Standard Electronic Transaction (TX SET) standards or is missing;

(l) The CR Data Universal Numbering System (DUNS) Number is missing or invalid;

(m) If requesting a self-selected switch date, the CR requests a switch date that is before the FASD;

(n) The date on the self-selected switch already has a move in, move out, or switch scheduled; or

(o) The ESI ID is de-energized or scheduled to be de-energized on the date requested in the switch. For standard requests, the FASD is used for the evaluation.

15.1.2 Response from ERCOT to Drop to Affiliate Retail Electric Provider Request

ERCOT will send a reject response using the 814_11, Drop Response, within one Retail Business Day to the current CR notifying the CR that the request is invalid.

15.1.3 Transition Process

Certain circumstances may arise during the course of business in the Texas retail electric market that may necessitate the transition of ESI IDs from one CR to a Provider of Last Resort (POLR) or designated CR, or from one TDSP to another TDSP in quantities and on a time frame that is not completely supported by standard market transactions or business processes.

15.1.3.1 Mass Transition Process

(1) In a Mass Transition event, ERCOT shall submit the 814_03, Enrollment Notification Request, requesting a meter read for the associated ESI IDs, for a date two days after the

date ERCOT initiates such transactions to the TDSP. The 814_03 transaction shall contain a request for historical usage and the requested date for the meter read date to transfer the ESI IDs. If an actual meter read cannot be obtained by the date requested in the 814_03 transaction, then the meter read may be estimated by the TDSP. (See Retail Market Guide Section 9, Appendices, Appendix F2, Timeline for Initiation of a Mass Transition on a Business Day not Prior to a Weekend or ERCOT Holiday, and Appendix F3, Timeline for Initiation of a Mass Transition on a Day Before a Weekend or an ERCOT Holiday.)

(2) The TDSP shall respond to the 814_03 transaction within two Retail Business Days with an 814_04, Enrollment Notification Response, and an 867_02, Historical Usage. Within one Retail Business Day of receiving the 814_04 transaction, ERCOT will send an 814_11, Drop Response, to the transitioning CR and forward an 814_14, Drop Enrollment Request, with the scheduled meter read date, to the POLR(s) or designated CR. The TDSP shall submit an 867_04, Initial Meter Read, with a meter read date equal to the scheduled meter read date in the 814_04 transaction, which will also be known as the transition date. (See Retail Market Guide Section 9, Appendix D1, Transaction Timing Matrix, for specific transaction timings.)

(3) ERCOT shall identify transitioned ESI IDs for a period of 60 days to ensure that when a Customer switches away from the POLR, the 814_03 transaction is processed with a requested date equal to the FASD, regardless of how the switch was submitted. Identification of the transitioned ESI ID shall terminate either upon the first completed switch, move in, move out or at the end of the 60 day period, whichever occurs first.

(4) For a detailed outline of the business process and responsibilities of all Entities involved in a Mass Transition event, refer to the Retail Market Guide Section 7, Market Processes.

15.1.3.2 Acquisition Transfer Process

(1) In an acquisition transfer event, ERCOT shall submit the 814_03, Enrollment Notification Request, requesting a meter read for the associated ESI IDs. The 814_03 transaction shall contain a request for historical usage and the requested date or FASD for the meter read date to transfer the ESI IDs. If an actual meter read cannot be obtained by the date requested in the 814_03 transaction, then the meter read may be estimated by the TDSP.

(2) The TDSP shall respond to the 814_03 transaction within two Retail Business Days with an 814_04, Enrollment Notification Response, and an 867_02, Historical Usage. Within one Retail Business Day of receiving the 814_04 transaction, ERCOT will send an 814_11, Drop Response, to the transitioning CR and forward an 814_14, Drop Enrollment Request, with the scheduled meter read date, to the designated CR. The TDSP shall submit an 867_04, Initial Meter Read, with a meter read date equal to the scheduled meter read date in the 814_04 transaction, which will also be known as the transition date. See Retail Market Guide Section 9, Appendices, Appendix D1, Transaction Timing Matrix, for specific transaction timings.

(3) For a detailed outline of the business process and responsibilities of all Entities involved in an acquisition transfer event, refer to the Retail Market Guide Section 7, Market Processes.

15.1.3.3 Customer Billing Contact Information

(1) All CRs participating in the Texas retail electric market shall provide, in accordance with the Retail Market Guide, current Customer billing contact information to ERCOT for use in the event of a Mass Transition. ERCOT shall retain the Customer data from the most recent submission, to be used in lieu of data from the exiting CR, in instances where the exiting CR does not provide data. When a Mass Transition occurs, ERCOT shall provide the gaining CRs with available Customer billing contact information for the ESI IDs the gaining CRs will be obtaining through the Mass Transition event. During a Mass Transition event, ERCOT shall also provide the TDSPs with available Customer contact information.

(2) For a detailed outline of the process, refer to the Retail Market Guide Section 7, Market Processes.

15.1.4 Beginning Service (New Construction Completed and Move Ins)

(1) This Section applies to Customers moving into a Premise that is not currently being served by a CR (may or may not still be energized) or when construction has been completed by the TDSP for a new Premise and the Premise has been assigned an ESI ID and is ready to receive electric service.

(2) This Section does not apply to instances where construction services are required. Those procedures are covered in the TDSP tariff.

15.1.4.1 Move-In Request to Begin Electric Service

(1) The process described below relates to the transactions required to process a move in. A manual work-around process for same day and safety net move ins is also used by Market Participants in the Texas retail electric market to ensure that a Customer receives electric service in a timely manner. The manual work-around process is documented in the Retail Market Guide.

(2) In accordance with PUCT rules, the Customer shall contact a CR to begin electric service at an ESI ID. The CR shall submit to ERCOT a Move-In Request in accordance with 814_16, Move In Request. Move ins will be considered same day, if the date requested is the same day the 814_16 transaction is processed at ERCOT. Same day move ins will be forwarded to the TDSP within one Retail Business Hour of receipt by ERCOT. Standard move ins, those move ins not requesting same day services, will be forwarded to the TDSP within two Retail Business Hours of receipt by ERCOT.

(3) Two Retail Business Days prior to the scheduled meter read date of the move in or upon receipt of the TDSP 814_04, Enrollment Notification Response, whichever is later, ERCOT will determine if the ESI ID is currently served or is scheduled to be served by another CR. If a move out from the current CR is scheduled for the same day as the move in, the TDSP will either complete both the move out and move in or will unexecute the move out, only working the move in. If, within four Retail Business Days of the scheduled date, the move out is still in a scheduled state, ERCOT shall cancel the move out and send cancellation notices to the TDSP and the respective CRs. ERCOT will submit an 814_06, Loss Notification, to the current CR with a code indicating a forced move out.

(4) If requested by the CR in the Move-In Request and permitted under the PUCT rules, the TDSP shall provide up to 12 months of the most recent historical usage, as available, including monthly-metered usage and any applicable metered interval usage using the 867_02, Historical Usage. ERCOT's business process for a Move-In Request is not linked to the receipt of the historical usage and the processing of the move in will continue regardless of the TSDP returning historical usage. This information shall be provided to the CR within four Retail Business Hours after ERCOT receipt of the 867_02 transaction from the TDSP. The TDSP shall respond within two Retail Business Days after receipt of the 814_03, Enrollment Notification Request. If historical usage is not available, the TDSP will indicate this in the 814_04, Enrollment Notification Response.

15.1.4.2 Response to Invalid Move-In Request

If the Move-In Request is invalid, ERCOT will respond to the CR using the 814_17, Move In Reject Response, within one Retail Business Hour of receiving the same day 814_16, Move In Request, and within two Retail Business Hours for standard move ins, with the exception of a move in that is invalid because of "Invalid ESI ID." In the case of "Invalid ESI ID," ERCOT will hold the Move-In Request and continue to retry the request at regular intervals for 48 hours counting only hours on Retail Business Days, but not only Business Hours. If the request is invalid in accordance with Section 15.1.4.8, Rejection of Move-In Request, the move in process will then terminate. If the request is valid, the process continues as described in Section 15.1.4.5, Response to Valid Move-In Request.

15.1.4.3 Notification to Transmission and/or Distribution Service Provider of Move In

(1) ERCOT will process Move-In Requests upon receipt during Business Hours. ERCOT will submit to the TDSP serving the ESI ID an 814_03, Enrollment Notification Request, within one Retail Business Hour of receiving a valid same day Move-In Request and within two Retail Business Hours for standard move ins. The notification will include the name of the new CR providing service to the ESI ID and will include the requested move in date by the CR.

(2) If the TDSP receives the 814_03 transaction before 1700, a same day move in will be completed that day.

(3) ERCOT will expedite the processing of 814_16 transactions requesting same day service.

15.1.4.4 Response to Enrollment Notification Request from Transmission and/or Distribution Service Provider (Move In)

(1) Upon receipt of an enrollment notification request, the TDSP shall provide ESI ID information within the 814_04, Enrollment Notification Response, including:

(a) ESI ID;

(b) Service Address;

(c) Rate class (if established*) and sub-class (if established*), if applicable;

(d) Special needs indicator;

(e) Load Profile Type;

(f) Scheduled meter read date;

(g) Meter type and role for each meter at the ESI ID, if ESI ID is metered;

(h) Identification number and number of dials for each meter at the ESI ID, if ESI ID is metered (if meter is present);

(i) For unmetered EDS IDs, number and description of each unmetered device (if devices are present*);

(j) Station ID;

(k) DLF code;

(l) Premise type; and

(m) Meter reading cycle or meter cycle by day of the month.

* If not sent on the 814_04 transaction, the TDSP must send the rate class and sub-class on the 814_20, ESI ID Maintenance Request, when established, to complete the move in. The TDSP must send the 814_20 transaction prior to sending the monthly usage in the 867_03, Monthly or Final Usage. ERCOT will neither hold transactions nor validate the order of receipt of these transactions prior to sending to the CRs.

(2) If the TDSP does not respond with either the 814_04 transaction or the 814_28, Complete Unexecutable or Permit Required, within two Retail Business Days after receiving the 814_03, Enrollment Notification Request, ERCOT shall create an internal tracking exception. The move in will be held “in review” until the TDSP’s 814_04 transaction or 814_28 transaction is received. If the TDSP’s 814_04 transaction or 814_28 transaction, Permit Required, is not received within three Retail Business Days of receipt of the 814_03 transaction from ERCOT and is still not received by the earlier of the requested date on the move in or within 20 Retail Business Days after the original submission of the

814_03 transaction from ERCOT, ERCOT shall change the status of the move in to "cancel pending" status. The TDSP will receive notification of the pending cancellation through the 814_08, Cancel Request. The TDSP will respond using the 814_09, Cancel Response, within one Retail Business Day of receiving ERCOT's 814_08 transaction. If the 814_09 transaction is accepted, relevant CRs will receive notification of the cancellation through the 814_08 transaction. If the 814_09 transaction from the TDSP is a reject, the move in will return to an "in review" status and the TDSP shall also transmit an 814_04 transaction or 814_28 transaction, Permit Required, within one Retail Business Day.

(3) If the meter is present at the Premise at the time the TDSP receives the 814_03 transaction from ERCOT, and the TDSP responds with the 814_04 transaction, the information as identified in paragraph (1) above shall be transmitted from the TDSP to ERCOT using the 814_04 transaction. ERCOT shall forward ESI ID/Premise information using the 814_05, CR Enrollment Notification Response, to the requesting CR.

(4) If a meter has not been established at the ESI ID/Premise at the time when the TDSP receives the 814_03 transaction from ERCOT for a move in, the TDSP may respond with the 814_04 transaction without meter information, TDSP rate class and sub-class, and the number and description of un-metered devices to ERCOT. ERCOT shall forward the ESI ID/Premise information using the 814_05 transaction to the requesting CR. If the TDSP submits the 814_04 transaction with the information as identified in this paragraph, the TDSP will submit this missing information to ERCOT using the 814_20 transaction when established to complete the process. ERCOT shall forward the ESI ID/Premise information received from the TDSP's 814_20 transaction to the requesting CR within four Retail Business Hours of receipt from the TDSP.

(5) If the TDSP responds to ERCOT's 814_03 transaction for a move in with an 814_28 transaction, Permit Required, ERCOT shall send this transaction within two Retail Business Hours to the requesting CR to notify that a permit is required. Upon receipt of the TDSP's 814_28 transaction, ERCOT will reset the 20 Retail Business Day clock, starting the clock on the requested date for the move in, and will separately track the non-response for the 814_04 transaction due to permit required. The move in remains in a "permit pending" status.

(6) After expiration of the 20 Retail Business Days, non-response for the 814_04 transaction because the TDSP has not received the permit, ERCOT will initiate the 814_08 transaction to the TDSP the first Retail Business Day after expiration of the 20 Retail Business Day clock, and will set the status to "cancel pending." The TDSP will respond to ERCOT using the 814_09 transaction. If the TDSP receives the appropriate permit prior to the receipt of the 814_08 transaction from ERCOT, the TDSP will submit the 814_04 transaction with the scheduled move in date and the 814_09 transaction with a status of reject and the move in process will proceed. If the TDSP responds with the 814_09 transaction with a status of accept, ERCOT will cancel the move in, note the cancel reason as "permit not received," and send the cancellation notice to the appropriate CRs.

(7) If the TDSP responds to ERCOT's 814_03 transaction with the 814_04 transaction, and then later submits the 814_28 transaction, ERCOT will send the TDSP's 814_28 transaction to the requesting CR. The TDSP will note the complete unexecutable reason on the 814_28 transaction. The initiating transaction is considered cancelled in ERCOT, TDSP and CR systems and the current CR remains the CR of Record for that Premise or the Premise remains in a de-energized status.

(8) If after submitting a 814_04 transaction on a forced move out, the TDSP is unable to obtain an actual meter read despite reasonable efforts the TDSP may complete the move in using an estimated meter read or complete unexecutable if the meter requires a permit, unsafe conditions exist, tampering has been detected or other similar conditions are found that would not allow an actual reading to be obtained.

15.1.4.5 Response to Valid Move-In Request

ERCOT will respond to the CR using the 814_05, CR Enrollment Notification Response, within one Retail Business Hour of receiving the TDSP's 814_04, Enrollment Notification Response, on a same day Move-In Request and within two Retail Business Hours for standard move ins. This response will contain the scheduled meter read date for the move in and all other information contained in the TDSP's 814_04 transaction.

15.1.4.5.1 Maintain Electric Service Identifier with Meter Level Information Request/Response

If the TDSP returns the 814_04, Enrollment Notification Response, without complete information (meter information and/or unmetered device(s) information), the TDSP is required to provide this information to ERCOT in the 814_20, ESI ID Maintenance Request, following the installation of the meter or unmetered devices. The TDSP must send the 814_20 transaction at the same time or prior to sending the 867_04, Initial Meter Read, to ERCOT. ERCOT will forward the meter information in the 814_20 transaction and the 867_04 transaction to the CR.

15.1.4.6 Notification to Current Competitive Retailer

(1) An evaluation is done on the current CR two Retail Business Days prior to the scheduled meter read date, but not before receipt of the TDSP's 814_04, Enrollment Notification Response. ERCOT will submit to the current CR a notification using the 814_06, Loss Notification, two days before the scheduled meter read date as set forth in the 814_04 transaction.

(2) If ERCOT has submitted a notification using the 814_06 transaction to the current CR before the TDSP sends the 814_28, Complete Unexecutable or Permit Required, to ERCOT, ERCOT will notify the current CR by forwarding the 814_28 transaction to the CR. The current CR will remain the CR of Record.

15.1.4.6.1 Complete Unexecutable

(1) After the new CR has received the Premise information in the 814_05, CR Enrollment Notification Response, the TDSP will wait until the scheduled move in date to energize the Premise. If upon the field visit to the Premise, the TDSP is unable to execute due to conditions that require Customer resolution and if power is not flowing to the Premise, the TDSP will send a notification request to ERCOT using the 814_28, Complete Unexecutable or Permit Required. The transaction will indicate the appropriate reason code for the complete unexecutable of the Move-In Request. If the move in has been complete unexecutable, ERCOT will internally flag the transaction as complete and will not expect the 867_04, Initial Meter Read, to complete the life cycle. ERCOT will respond to the TDSP using the 814_29, Complete Unexecutable or Permit Required Response.

(2) If ERCOT receives the 814_28, Complete Unexecutable or Permit Required, ERCOT will forward the notification to the CR. In this case the CR will not receive the 867_04 transaction. Once the condition has been corrected by the Customer, a new set of transactions must be initiated by the CR starting with the 814_16, Move In Request.

15.1.4.7 Completion of Move-In Request and Effective Move In Date

If upon the field visit to the Premise, the TDSP is unable to obtain a meter read due to conditions that require Customer resolution but power is flowing to the Premise, the TDSP may complete the move in using an estimated meter read or complete unexecutable if the meter requires a permit, unsafe conditions exist, tampering has been detected, or other similar conditions are found that would not allow an actual reading to be taken.

15.1.4.7.1 Standard Move-In Requests

(1) A standard Move-In Request is effectuated on the period start date in the 867_04, Initial Meter Read, which shall be the date requested in the 814_16, Move In Request, provided that the 814_03, Enrollment Notification Request, was received by the TDSP by 1700 at least two Retail Business Days prior to the requested date. If the 814_03 transaction is not received by the TDSP by 1700 at least two Retail Business Days prior to the requested date, the move in will be completed within two Retail Business Days after the receipt of the 814_03 transaction by the TDSP. An extension of this period may be necessitated by circumstance requiring Customer resolution or construction of new facilities by the TDSP to serve the Premise.

(2) A Move-In Request is completed upon receipt of the effectuating meter read sent by the TDSP. Upon receipt, the TDSP will send initial meter read information to ERCOT and ERCOT shall resend to the new CR within four Retail Business Hours using the 867_04 transaction. The 867_04 transaction will be provided to ERCOT within three Retail Business Days of the meter read.

(3) The move in will become effective at 0000 (midnight) on the actual date of the effectuating meter read. The new CR may request a special meter read (including a profile-estimated meter read or interval meter calculation as allowed), in accordance with the TDSP's tariff. For a special meter read, the move in is effective at 0000 (midnight) the day of the special meter read. Meter reads received by ERCOT by 1800 will be available to the CR by 0600 the next day.

15.1.4.7.2 Same Day Move-In Requests

(1) A same day Move-In Request is effectuated on the period start date in the 867_04, Initial Meter Read, which shall be the date requested in the 814_16, Move In Request, provided that the request was received by the TDSP by 1700 on the date requested. If the TDSP does not receive the same day move in by 1700, the move in will be completed no later than the next Retail Business Day. An extension of this period may be necessitated by circumstance requiring Customer resolution or construction of new facilities by the TDSP to serve the Premise.

(2) A Move-In Request is completed upon receipt of the effectuating meter read sent by the TDSP. Upon receipt, the TDSP will send initial meter read information to ERCOT and ERCOT shall resend to the new CR within four Retail Business Hours using the 867_04 transaction. The 867_04 transaction will be provided to ERCOT within three Retail Business Days of the meter read.

(3) The move in will become effective at 0000 (midnight) on the actual date of the effectuating meter read. The new CR may request a special meter read (including a profile-estimated meter read or interval meter calculation as allowed), in accordance with the TDSP's tariff. For a special meter read, the move in is effective at 0000 (midnight) the day of the special meter read. Meter reads received by ERCOT by 1800 will be available to the CR by 0600 the next day.

15.1.4.8 Rejection of Move-In Request

ERCOT will reject the 814_16, Move In Request, using the 814_17, Move In Reject Response, for any of the following reasons:

(a) The ESI ID provided is inactive or does not exist;

(b) The ESI ID and five-digit zip code do not match;

(c) The CR is not certified by the PUCT, if required;

(d) The CR is not authorized to provide service in the TDSP service area.

(e) CR has not registered as a CR with ERCOT in accordance to Section 16, Registration and Qualification of Market Participants.

(f) The PUCT directs ERCOT to reject registration requests from the CR per applicable PUCT rules;

(g) The CR specifies a billing type or billing calculation code for an ESI ID that is not supported by the TDSP, MOU, or EC;

(h) The CR submits a request type that is invalid or undefined;

(i) The CR DUNS Number is missing or invalid; or

(j) There is already a Move-In Request in progress for the same requested date, "not first in" for the same requested date.

15.1.5 Service Termination (Move Out)

15.1.5.1 Request to Terminate Service

When a CR receives notice that a Customer is moving out, the CR may terminate service to that ESI ID by submitting a Move-Out Request to ERCOT using the 814_24, Move Out Request. Move outs will be considered same day, if the date requested is the same day the 814_24 transaction is processed at ERCOT. Same day move outs will be forwarded to the TDSP within one Retail Business Hour of receipt by ERCOT. Standard move outs, those move outs not requesting same day services, will be forwarded to the TDSP within two Retail Business Hours of receipt by ERCOT. This transaction will remove the requester as the CR of Record for that ESI ID. If the submitting CR did not include the "Ignore CSA" flag on the move out, ERCOT will determine if the ESI ID associated with the Premise has a Continuous Service Agreement (CSA) CR. If there is a CSA on record, ERCOT will notify the CSA CR of the move out (refer to Section 15.1.9, Continuous Service Agreement CR Processing) using the 814_22, CSA CR Move In Request, within two Retail Business Days of the scheduled meter read date, but not before the receipt of the TDSP's 814_04, Enrollment Notification Response. If there is not a CSA CR, ERCOT will notify the TDSP to de-energize the ESI ID.

15.1.5.2 Response to Invalid Move-Out Request

If the Move-Out Request is invalid, ERCOT will respond to the CR using the 814_25, Move Out Response, within one Retail Business Hour of receiving the same day 814_24, Move Out Request, and within two Retail Business Hours after receipt of the standard 814_24 transaction from the CR with the exception of a move out that is invalid because of "de-energized ESI ID." In the case of "de-energized ESI ID," ERCOT will hold the Move-Out Request and continue to retry the request at regular intervals for 48 hours counting only hours on Retail Business Days but not only Business Hours. If the request is invalid, the move out process will then terminate. If the request is valid, the process continues as described in Section 15.1.5.5, Response to Valid Move-Out Request and Continuous Service Agreement in Effect.

15.1.5.3 Notification to Transmission and/or Distribution Service Provider of Move Out

(1) ERCOT will process Move-Out Requests upon receipt during Business Hours.

(2) If there is a CSA CR for the ESI ID, ERCOT will submit to the TDSP serving the ESI ID a registration notification request using the 814_03, Enrollment Notification Request, within one Retail Business Hour of receiving a valid same day Move-Out Request and within two Retail Business Hours after receipt of the standard Move-Out Request. The notification will include the move out date requested by the CR.

(3) If there is not a CSA CR, ERCOT will notify the TDSP serving the ESI ID of the termination notification within one Retail Business Hour of receiving a valid same day Move-Out Request and within two Retail Business Hours after receipt of the standard Move-Out Request using the 814_24, Move Out Request. The notification to the TDSP will include the move out date requested by the CR.

15.1.5.4 Response to Enrollment Notification Request/Service Termination from Transmission and/or Distribution Service Provider

(1) If there is a CSA CR, upon receipt of an Enrollment notification request, the TDSP shall provide ESI ID information, including:

(a) ESI ID;

(b) Service Address;

(c) Rate class and sub-class (if applicable);

(d) Any and all applicable riders;

(e) Special needs indicator;

(f) Load Profile Type;

(g) Scheduled meter read date;

(h) Meter type, identification number, number of dials and role for each meter at the ESI ID, if ESI ID is metered;

(i) For unmetered EDS IDs, number and description of each unmetered device;

(j) Load bus identification; and

(k) DLF code.

(2) This information shall be transmitted by the TDSP using the 814_04, Enrollment Notification Response, and shall be provided to the CSA CR by ERCOT in the form of an 814_22, CSA CR Move In Request, within two Retail Business Days of the scheduled

meter read date on the move out to CSA. Items (1)(a) and (1)(g) above shall be forwarded to the submitting CR by ERCOT in the form of an 814_25, Move Out Response. If the TDSP does not respond with ESI ID information within two Retail Business Days after the submission of the 814_03, Enrollment Notification Request, from ERCOT, ERCOT shall create an internal tracking exception. The move out to CSA will be held in "in review" status until the TDSP's 814_04 transaction is received. If the TDSP's 814_04 transaction is not received within three Retail Business Days of submission of the 814_03 transaction by ERCOT and is still not received by the earlier of the requested date on the move out to CSA or 20 Retail Business Days after the original submission of the 814_03 transaction from ERCOT, ERCOT shall change the status of the move out to CSA to "cancel pending." The TDSP will receive notification of the pending cancellation through the 814_08, Cancel Request. The TDSP will respond using the 814_09, Cancel Response. If the 814_09 transaction is an accept, relevant CRs will receive notification of the cancellation through the 814_08 transaction. If the 814_09 transaction from the TDSP is a reject, the move out to CSA will return to an "in review" status and the TDSP shall also transmit an 814_04 transaction within one Retail Business Day.

(3) If there is not a CSA CR, upon receipt of a service termination request, the TDSP shall provide ESI ID information, including:

(a) ESI ID; and

(b) Scheduled meter read date.

(4) This information shall be transmitted using the 814_25 transaction and shall be provided by ERCOT to the submitting CR within two Retail Business Hours from ERCOT's receipt of the TDSP's 814_25 transaction. If the TDSP does not respond with ESI ID information within two Retail Business Days after the submission of the 814_24, Move-Out Request, by ERCOT, ERCOT shall create an internal tracking exception. The move out will be held in "in review" status until the TDSP's 814_25 transaction is received. If the TDSP's 814_25 transaction is not received within three Retail Business Days of submission of the 814_24 transaction by ERCOT and is still not received by the earlier of the requested date on the move out or 20 Retail Business Days after the original submission of the 814_24 transaction by ERCOT, ERCOT shall change the status of the move out to "cancel pending." The TDSP will receive notification of the pending cancellation through the 814_08, Cancel Request. The TDSP will respond in accordance with the 814_09, Cancel Response. If the 814_09 transaction from the TDSP is a reject, the move out will return to an "in review" status and the TDSP shall also transmit an 814_25 transaction within one Retail Business Day.

(5) If the TDSP responds to ERCOT's 814_24 transaction with an 814_25 transaction, and then later submits an 814_28, Complete Unexecutable or Permit Required, indicating the TDSP is unable to complete the move out, ERCOT will send the TDSP's 814_28 transaction to the requesting CR. The TDSP will note the complete unexecutable reason on the 814_28 transaction. The initiating transaction is considered unexecutable. The current CR will remain the CR of Record.

(6) If, despite reasonable efforts, the TDSP is unable to complete the move out after submitting the 814_25 transaction, it shall unexecute the move out using the 814_28 transaction, Complete Unexecutable, and the TDSP shall note the complete unexecutable reason on the 814_28 transaction. ERCOT shall forward the 814_28 transaction to the CR within two Retail Business Hours of receipt from the TDSP.

(7) Upon receipt of the 814_28 transaction, the CR will make reasonable attempts to contact the Customer to address access issues if the reason the transaction was unexecuted relates to meter access. Otherwise, the CR will contact the TDSP in an attempt to address the problems that precluded execution of the transaction. TDSPs shall provide CRs with a list of contacts for this purpose, including escalation contacts which shall be used by a CR only in the event that the initial contacts fail to respond to the CR within a reasonable time.

(8) After the CR has made reasonable efforts to either contact the Customer or address issues with the TDSP, the CR may submit a second 814_24 transaction to initiate the move out process. The CR will submit the second Move-Out Request within 30 days of the receipt of the 814_28 transaction. If the TDSP continues to encounter difficulty in completing the transaction, the TDSP shall complete the transaction using an estimated meter read and make every reasonable effort to interrupt service at the premise to prevent additional cost to the market, such as Unaccounted for Energy (UFE) and repeated field trips executed by the TDSP to disconnect service or in management of the market-approved manual process for managing the left in hot process. For Customers who are critical care or critical Load, the CR will contact the appropriate TDSP Retail Electric Provider (REP) relations personnel to address the request.

15.1.5.5 Response to Valid Move-Out Request and Continuous Service Agreement in Effect

Two Retail Business Days prior to the scheduled meter read date, but not prior to the receipt of the TDSP's 814_04, Enrollment Notification Response, ERCOT will send response information to the CSA CR using the 814_22, CSA CR Move In Request. This notice will contain the confirmed meter read date for the move out. This date will be the start date for the CSA CR to begin serving the ESI ID.

15.1.5.6 Completion of Move-Out Request and Effective Move Out Date

(1) A Move-Out Request is effectuated on the actual meter read date in the final 867_03, Monthly of Final Usage, which shall be the date requested in the 814_24, Move Out Request, provided that the request was received by the TDSP by 1700 and at least two Retail Business Days prior to the date requested. If the request is not received by the TDSP by 1700 at least two days prior to the requested date, the request will be completed within two Retail Business Days after the Move-Out Request is received by the TDSP. An extension of this period may be necessitated by circumstances requiring Customer resolution, in which case the TDSP may provide an 814_28, Complete Unexecutable or Permit Required, to the CR.

(2) A Move-Out Request is completed upon receipt of the effectuating meter read sent by the TDSP. The TDSP shall send the meter read information to ERCOT using the final 867_03 transaction, within three Retail Business Days of the meter read. Upon receipt, ERCOT will send final meter read information to the current CR and initial meter read information to the CSA CR (if applicable) within four Retail Business Hours using the 867_03 transaction and 867_04, Initial Meter Read, as appropriate.

(3) The move out will become effective at 0000 (midnight) on the actual date of the effectuating meter read. The current CR may request a special meter read (including a profile-estimated meter read or interval meter calculation as allowed), in accordance with the TDSP's tariff.

(4) For a special meter read, the move out is effective at 0000 (midnight) the day of the special meter read. Meter reads received by ERCOT by 1800 will be available to the CR by 0600 the next day.

15.1.5.7 Rejection of Move-Out Request

ERCOT will reject a Move-Out Request using the 814_25, Move Out Response, for any of the following reasons:

(a) The ESI ID provided is inactive or does not exist;

(b) The ESI ID and five-digit zip code do not match;

(c) The request type is invalid or undefined;

(d) The CR's DUNS Number is missing or invalid;

(e) The requesting CR is not the current CR and not scheduled to be the CR on the requested date after a retry period of 48 hours counting only hours on Retail Business Days but not only Business Hours; or

(f) The move out is requesting a date that is scheduled on another move out.

15.1.6 Concurrent Processing

(1) Concurrent processing permits multiple requests to proceed at the same time. The purpose of concurrent processing is to assure all valid transactions are accepted and processed according to a set of market rules. The order of precedence for initiating retail transactions is:

(a) Move-In Requests;

(b) Move-Out Requests; and

(c) Switch Requests.

(2) When performing concurrent processing checks, ERCOT will first perform standard validations to ensure the requests are valid. This validation can be found in Section 15.1, Customer Switch of Competitive Retailer, Section 15.1.4, Beginning Service (New Construction Completed and Move Ins), and Section 15.1.5, Service Termination (Move Out).

15.1.6.1 Move In Date Prior to or After Move Out Date

ERCOT performs evaluations two Retail Business Days prior to all move in and move out scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If the move in scheduled meter read date is not equal to the move out scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete. If the submitting CR is not scheduled to be the CR of Record on the scheduled meter read date of the move out, ERCOT cancels the move out.

15.1.6.2 Move In Date Equal to Move Out Date

(1) ERCOT performs evaluations two Retail Business Days prior to all move in and move out scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If the move in scheduled meter read date is equal to the move out scheduled meter read date, the move out transaction is cancelled by ERCOT. If the move out is not scheduled, but the requested date is equal to the scheduled date for the move in, the move out transaction is cancelled by ERCOT.

(2) If the ERCOT evaluation is performed for a same day move in and a move out is already scheduled for the current day, ERCOT will not cancel the move out and will leave it in a scheduled status. If the TDSP chooses not to work the move out the TDSP will complete unexecute the move out. In the event the move out is not complete or complete unexecutable by the TDSP within four Retail Business Days, ERCOT will cancel the move out.

15.1.6.3 Move In Date Prior to or Equal to Switch Date

ERCOT performs evaluations two Retail Business Days prior to all move in scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If there is a switch with a scheduled meter read date after or equal to the move -in scheduled meter read date, the switch transaction is cancelled by ERCOT. If the switch is not scheduled, but the requested date (FASD for standard switches) is after or equal to the scheduled date for the move in, the switch transaction is cancelled by ERCOT.

15.1.6.4 Move In Date After Switch Date

ERCOT performs evaluations two Retail Business Days prior to all move in scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If the move in

scheduled meter read date is after a switch scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete.

15.1.6.5 Move In Date After Mass Transition Drop Date

ERCOT performs evaluations two Retail Business Days prior to all move in scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If the move in scheduled meter read date is after a Mass Transition drop scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete.

15.1.6.6 Move Out Date Prior to or Equal to Switch Date

ERCOT performs evaluations two Retail Business Days prior to all move out scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If there is a switch with a scheduled meter read date after or equal to the move out scheduled meter read date, the switch transaction is cancelled by ERCOT. If the switch is not scheduled, but the requested date (FASD for standard switches) is after or equal to the scheduled date for the move out, the switch transaction is cancelled by ERCOT.

15.1.6.7 Move Out Date After Switch Date

ERCOT performs evaluations two Retail Business Days prior to all move out scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If the move out scheduled meter read date is after a switch scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete. If the submitting CR is not scheduled to be the CR of Record on the scheduled meter read date of the move out, ERCOT cancels the move out.

15.1.6.8 Move Out Date After Mass Transition Drop Date

ERCOT performs evaluations two Retail Business Days prior to all move out scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If the move out scheduled meter read date is after a Mass Transition drop scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete. If the submitting CR is not scheduled to be the CR of Record on the scheduled meter read date of the move out, ERCOT cancels the move out.

15.1.6.9 Multiple Switches

ERCOT performs evaluations two Retail Business Days prior to all switch scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If there is another switch with a scheduled meter read date after or prior to the switch scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete. If there is

another switch with a scheduled meter read date equal to the switch scheduled meter read date and neither have a "cancel pending" status, ERCOT will cancel the second switch received based on receipt date/time of the initiating transaction. If one of the switches has a "cancel pending" status, it will be cancelled by ERCOT and the other one will be allowed to complete.

15.1.6.10 Multiple Move Ins

ERCOT performs evaluations two Retail Business Days prior to all move in scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If there is another move in with a scheduled meter read date after or prior to the move in scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete. If there is another move in with a scheduled meter read date equal to the move in scheduled meter read date and neither have a "cancel pending" status ERCOT will cancel the second move in received based on receipt date/time of the initiating transaction. If one of the move ins has a "cancel pending" status it will be cancelled by ERCOT and the other one will be allowed to complete.

15.1.6.11 Multiple Move Outs

ERCOT performs evaluations two Retail Business Days prior to all move out scheduled meter read dates or upon the receipt of the TDSP response, whichever is later. If there is another move out with a scheduled meter read date after or prior to the move out scheduled meter read date, both processes will run concurrently and both processes will be allowed to complete. If the submitting CR is not scheduled to be the CR of Record on the scheduled meter read date of the move out, ERCOT cancels the move out. If there is another move out with a scheduled meter read date equal to the move out scheduled meter read date and neither have a "cancel pending" status, ERCOT will cancel the second move out received based on receipt date/time of the initiating transaction. If one of the move outs has a "cancel pending" status, it will be cancelled by ERCOT and the other one will be allowed to complete.

15.1.7 Move In or Move Out Date Change

(1) The CR will send a date change transaction using the 814_12, Date Change Request. ERCOT will accept date changes until the Retail Business Day preceding the scheduled move in or move out.

(2) If the date change does not pass validation, ERCOT will reply to the CR with a rejection of the date change transaction using the 814_13, Date Change Response, within two Retail Business Hours of receipt of the 814_12 transaction with the exception of a date change that is invalid because of "Item or Service Not Established." In the case of "Item or Service Not Established," ERCOT will hold the date change request and continue to retry the request at regular intervals for 48 hours counting only hours on Retail Business Days, but not only Business Hours.

(3) If the date change is accepted, ERCOT will notify the TDSP using the 814_12 transaction within two Retail Business Hours of receipt of the 814_12 transaction from the CR. The

TDSP will respond within two Retail Business Days using the 814_13 transaction. If the TDSP accepts the date change, the submitting CR is notified via the 814_13 transaction and the other CR is notified via the 814_12 transaction. ERCOT will only send the 814_12 transaction to the losing CR on a move in if ERCOT has already sent the 814_06, Loss Notification, to the losing CR. ERCOT will only send the 814_12 transaction to the gaining CR on a move out to CSA if ERCOT has already sent the 814_22, CSA CR Move In Request, to the CSA CR.

15.1.8 Cancellation of Registration Transactions

(1) The CR will send a cancellation notice using the 814_08, Cancel Request. ERCOT will accept cancellations until the Retail Business Day preceding the move in, move out or switch scheduled date.

(2) If the cancellation does not pass validation, ERCOT will reply to the CR within two Retail Business Hours with a rejection of the cancellation notice using the 814_09, Cancel Response, with the exception of a cancellation that is invalid because of "Item or Service Not Established." In the case of "Item or Service Not Established," ERCOT will hold the cancellation request and continue to retry the request at regular intervals for 48 hours counting only hours on Retail Business Days, but not only Business Hours.

(3) If the cancellation notice is accepted, ERCOT will set the status to "cancel pending" status and notify the TDSP within two Retail Business Hours using the 814_08 transaction. If the TDSP accepts the cancel, ERCOT will cancel the transaction and notify the submitting CR using the 814_09 transaction. When ERCOT has sent the current CR an 814_06, Loss Notification, the current CR will be sent an 814_08 transaction. On a move out to CSA, if ERCOT has sent the 814_22, CSA CR Move In Request, to the CSA CR, the CSA CR will be sent an 814_08 transaction. If the TDSP rejects the cancel, ERCOT will reset the status to "in review," "permit pending," or "scheduled" as appropriate, and forward the reject to the CR. The TDSP will respond using the 814_09 transaction.

15.1.9 Continuous Service Agreement CR Processing

This Section sets forth the processes to initiate or terminate a CSA.

15.1.9.1 Request to Initiate Continuous Service Agreement

(1) When a CR establishes a CSA at an ESI ID, the CR will send an 814_18, Establish/Delete CSA Request, to ERCOT. ERCOT will determine if the ESI ID has a CSA on record. If there is a current CSA CR, ERCOT will send notice of CSA termination using the 814_18, Establish/Delete CSA Request, within one Retail Business Day of receipt of the 814_18 transaction from the new CSA CR. If there is not a current CSA, ERCOT will respond to the new CSA CR using the 814_19, Establish/Delete CSA Response, within one Retail Business Day of receipt of the 814_18 transaction.

(2) If a CSA CR wishes to establish CSAs with multiple ESI IDs, the CSA CR must submit an 814_18 transaction for each ESI ID.

15.1.9.2 Request to Terminate Continuous Service Agreement

(1) The CSA CR will send an 814_18, Establish/Delete CSA Request, to ERCOT. ERCOT will respond to the CR using the 814_19, Establish/Delete CSA Response.

(2) If the CSA CR wishes to terminate CSAs with multiple ESI IDs, the CR must submit an 814_18 transaction for each ESI ID.

15.1.9.3 Notice to Continuous Service Agreement Competitive Retailer of Enrollment Due to a Move Out

(1) If, during the processing of a Move-Out Request, ERCOT determines that a CSA CR exists for the ESI ID, ERCOT will notify the CSA CR of the move out (refer to Section 15.1.5, Service Termination (Move Out)) using the 814_22, CSA CR Move In Request, within two Retail Business Days of the scheduled meter read date, but not before the receipt of the TDSP's 814_04, Enrollment Notification Response. This request will contain all of the information necessary for the CSA CR to begin servicing the ESI ID, including the move out date.

(2) If the CSA CR requires historical usage information for the ESI ID, the CSA CR will submit a request using the 814_26, Historical Usage Request, after receipt of the 867_04, Initial Meter Read.

15.1.9.4 Notice to Continuous Service Agreement Competitive Retailer of Drop Due to a Move In

(1) An evaluation is done on the CSA CR two Retail Business Days prior to the scheduled meter read date, but not before receipt of the TDSP's 814_04, Enrollment Notification Response. If ERCOT determines that there is a CSA CR or there is scheduled to be a CSA CR on the scheduled meter read date, ERCOT will submit to the CSA CR a notification using the 814_06, Loss Notification.

(2) If ERCOT has submitted a notification using the 814_06 transaction to the CSA CR and then the TDSP sends the 814_28, Complete Unexecutable or Permit Required, to ERCOT, ERCOT will notify the CSA CR by submitting the 814_28 transaction. The CSA CR will remain the CR of Record.

15.1.10 Continuous Service Agreement Competitive Retailer Processing in Municipally Owned Utility/Electric Cooperative Service Territory

This Section sets forth the processes to initiate or terminate a CSA in a MOU or EC service territory.

15.1.10.1 Request to Initiate Continuous Service Agreement

(1) When a CR establishes a CSA at an ESI ID, the CR will send an 814_18, Establish/Delete CSA Request, to ERCOT. This will be forwarded to the MOU/EC TDSP within one Retail Business Day. ERCOT will send the 814_18 transaction, and if an 814_19, Establish/Delete CSA Response, is not received from the MOU/EC TDSP within ten Business Days, ERCOT will cancel the CSA request and send an 814_08, Cancel Request, to the requesting CSA CR and MOU/EC TDSP. Additional 814_18 transactions received on the ESI ID while the first 814_18 transaction is still pending will be rejected at ERCOT. If an 814_18 transaction is received on an ESI ID with an existing CSA relationship, ERCOT will forward the 814_18 transaction to the MOU/EC TDSP within one Retail Business Day, and upon receipt of the 814_19 transaction (accept) from the MOU/EC TDSP, will send an 814_18 transaction to the current CSA CR and an 814_19 transaction to the new CSA CR within one Retail Business Day of receipt of the 814_19 transaction from the MOU/EC TDSP.

(2) If a CSA CR wishes to establish CSAs with multiple ESI IDs, the CSA CR must submit an 814_18 transaction for each ESI ID.

15.1.10.2 Request to Terminate Continuous Service Agreement

(1) The CSA CR will send an 814_18, Establish/Delete CSA Request, to ERCOT. Upon receipt of an 814_18 transaction, ERCOT will terminate the CSA relationship, send an 814_19, Establish/Delete CSA Response, to the CSA CR, and forward the 814_18 transaction to the TSDP. An 814_18 transaction received while an 814_18 Establish transaction is pending will delete the current CSA relationship at ERCOT, provided the CSA CR of the 814_18 transaction and the current active CSA CR is the same.

(2) If CSA CR wishes to terminate CSAs with multiple ESI IDs, the CSA CR must submit an 814_18 transaction for each ESI ID.

15.1.10.3 Notice to Continuous Service Agreement Competitive Retailer of Enrollment Due to a Move Out

(1) If, during the processing of a Move-Out Request, ERCOT determines that a CSA CR exists for the ESI ID, ERCOT will notify the CSA CR of the move out (refer to Section 15.1.5, Service Termination (Move Out)) using the 814_22, CSA CR Move In Request, within two Retail Business Days of the scheduled meter read date, but not before the receipt of the MOU/EC TDSP's 814_04, Enrollment Notification Response. This request

will contain all of the information necessary for the CSA CR to begin servicing the ESI ID including the move out date.

(2) If the CSA CR requires historical usage information for the ESI ID, the CSA CR will submit a request using the 814_26, Historical Usage Request, after receipt of the 867_04, Initial Meter Read.

15.1.10.4 Notice to Continuous Service Agreement Competitive Retailer of Drop Due to a Move In

(1) An evaluation is done on the CSA CR two Retail Business Days prior to the scheduled meter read date, but not before receipt of the MOU/EC TDSP's 814_04, Enrollment Notification Response. If ERCOT determines that there is a CSA CR or there is scheduled to be a CSA CR on the scheduled meter read date, ERCOT will submit to the CSA CR a notification using the 814_06, Loss Notification.

(2) If ERCOT has submitted a notification using the 814_06 transaction to the CSA CR and then the TDSP sends the 814_28, Complete Unexecutable or Permit Required, to ERCOT, ERCOT will notify the CSA CR by forwarding the 814_28 transaction. The CSA CR will remain the CR of Record.

15.2 Database Queries

(1) Market Participants may obtain information from ERCOT to determine or to verify the Electric Service Identifier (ESI ID) for a Service Delivery Point. The following information can be obtained through a database query or an extract on the Market Information System (MIS) Public Area:

(a) Service Address;

(b) Meter read code;

(c) ESI ID;

(d) Transmission and/or Distribution Service Provider (TDSP);

(e) Premise type;

(f) Current status (active/de-energized/inactive) with effective date;

(g) Move in/move out pending flag with associated date, if applicable;

(h) Power region;

(i) Station ID;

(j) Metered/unmetered flag;

(k) ESI ID dates that include:

(i) Eligibility date;

(ii) Start date;

(iii) Create date; and

(iv) Retire date;

(l) Provider of Last Resort (POLR) Customer class as defined in subsection (c) of P.U.C. SUBST. R. 25.43, Provider of Last Resort (POLR);

(m) Settlement Advanced Metering System (AMS) meter indicator that provides a true/false value as determined by ERCOT's system evaluation of the current Load Profile ID assignment of an ESI ID;

(n) TDSP AMS indicator that is assigned by the TDSP to denote the following:

(i) AMSR – an AMS meter with remote connect and disconnect capability;

(ii) AMSM - an AMS meter without remote connect and disconnect capability; or

(iii) Null - an AMS meter type does not exist at this Premise; and

(o) Switch hold indicator.

(2) At least daily, ERCOT will provide all of the attributes listed above when an 814_20, ESI ID Maintenance Request, is received and accepted by ERCOT that creates an ESI ID, or makes changes to the switch hold or the provisioned AMS meter indicator of an ESI ID.

15.2.1 Find ESI ID Function on the Market Information System

Market Participants with an ERCOT digital certificate can obtain information to verify the Service Address for a Service Delivery Point using the Find ESI ID function on the MIS Secure Area. The Find ESI ID function returns the information as identified in Section 15.2, Database Queries.

15.2.2 Find Transaction Function on the Market Information System

Competitive Retailers (CRs) or TDSPs with an ERCOT digital certificate may obtain transaction information from ERCOT to review business processes (i.e. Switch Request, Move-In Request, etc.) on ESI IDs. The Find Transaction function provides both summary and detailed transaction information for an ESI ID. The data displayed is confidential information and therefore is restricted by digital certificate. Access to the ESI ID information displayed is limited based on transaction receiver/sender, TDSP ownership, or the Retail Electric Provider (REP) of Record for

each ESI ID. MIS help screens provide detailed descriptions of the field contents and related screens.

15.2.3 Electric Service Identifier Extract on the Market Information System

ERCOT posts a downloadable extract to the MIS Public Area which contains the same information as listed in Section 15.2, Database Queries. The information provided allows Entities that do not have a digital certificate and are unable to access the information through the Find ESI ID function to use the information to determine or to verify the ESI ID for a Service Delivery Point using the Service Address. This extract is also used by Entities to incorporate ESI ID information into their database systems.

15.3 Monthly Meter Reads

(1) Each Transmission and/or Distribution Service Provider (TDSP) shall send monthly consumption information for all non-ERCOT-Polled Settlement (EPS) Meter Electric Service Identifiers (ESI IDs) within its service area to ERCOT not later than three Retail Business Days after the scheduled meter read cycle or scheduled meter cycle by day of the month for a point of delivery, using the 867_03, Monthly or Final Usage. TDSPs shall send monthly consumption information for all ESI IDs associated with EPS-metered facilities to ERCOT no later than three Retail Business Days after TDSP receipt of daily EPS Meter data from ERCOT according to the TDSP scheduled meter read cycle or scheduled meter cycle by day of the month for a point of delivery, using the 867_03 transaction. ERCOT will forward ERCOT-accepted consumption information to the Competitive Retailer (CR) within one Retail Business Day.

(2) If the meter read for an ESI ID fails the TDSP's internal validation procedures, the TDSP may, at its discretion, delay sending consumption information for the ESI ID to ERCOT for an additional seven days in order to obtain a valid meter reading.

(3) If a TDSP is unable to obtain a meter reading for an ESI ID because the TDSP is denied access to the meter, the TDSP may, at its discretion, delay sending consumption information for the ESI ID to ERCOT for an additional seven days in order to obtain a valid meter reading.

(4) A TDSP, with notification to the market, may suspend the transmission of monthly consumption information during periods of storm restoration or other emergency operations undertaken pursuant to its emergency operations plan.

(5) For non-ERCOT ESI IDs, TDSPs shall have the option of sending monthly consumption information and effectuating meter reads to ERCOT using the 867_03 transaction. ERCOT will then forward the monthly consumption and meter read information to the CR within one Retail Business Day.

15.4 Electric Service Identifier

(1) Each Transmission and/or Distribution Service Provider (TDSP) Service Delivery Point shall have a unique number within Texas. Once this unique number has been created and assigned to a Service Delivery Point, it shall not be re-issued, even in the event of termination of the associated point-of-service. This unique number shall be referred to as the Electric Service Identifier (ESI ID).

(2) Notwithstanding the foregoing, in those situations where an ESI ID has been inadvertently placed into inactive status and upon notification from the responsible TDSP, ERCOT shall re-instate the ESI ID for that Service Delivery Point.

15.4.1 Electric Service Identifier Format

(1) The ESI ID will have the following format:

10xxxxxyyy..yy

Where:

10	Represents a placeholder for future use;
xxxxx	Is the five-digit Department of Energy identification code for the assigning TDSP; and
yyy..yy	Is up to 29 alphanumeric characters assigned by the TDSP.

(2) Allowable alphanumeric characters are 0-9, A-Z, and the space character. The space character should only be used to right-pad the field when less than 29 characters are used. The total length of the ESI ID cannot exceed 36 alphanumeric characters.

(3) It is the TDSP's responsibility to create, assign, maintain and retire, as necessary, an ESI ID to each Service Delivery Point in its service area.

15.4.1.1 Assignment of ESI IDs to Unmetered Service Delivery Points

In general, each unmetered Service Delivery Point will be assigned an ESI ID corresponding to the point of delivery from the TDSP system to the Customer or Load. The TDSP may, however, aggregate unmetered Service Delivery Points into one ESI ID provided they meet all of the following conditions:

(a) The Service Delivery Points are owned by the same Customer and are located at the same physical location (an exception is allowed for governmental unmetered loads such as street lighting and traffic signals);

(b) All Service Delivery Points have the same Usage Profile;

(c) All Service Delivery Points have the same voltage and are located in the same Unaccounted for Energy (UFE) zone and same Load Zone; and

(d) The TDSP's tariffs allow aggregation of unmetered Service Delivery Points.

15.4.1.2 Assignment of ESI IDs to metered Service Delivery Points

(1) In general, each metered Service Delivery Point will be assigned an ESI ID corresponding to an existing billing meter. However, the TDSP may aggregate metered Service Delivery Points into one ESI ID provided they meet all the following conditions:

(a) The Service Delivery Points are owned by the same Customer and are at the same Service Address;

(b) All Service Delivery Points have the same Load Profile or all Service Delivery Points have Interval Data Recorders (IDRs);

(c) All Service Delivery Points have the same voltage and are located in the same UFE zone and same Load Zone; and

(d) The TDSP's tariffs allow aggregation of separately metered Service Delivery Points.

(2) A Customer may request that the TDSP assign separate ESI IDs for separate Service Delivery Points as allowed in the TDSP's tariffs.

(3) A TDSP may not assign an ESI ID to submeters where the energy consumption for those meters is included in another ESI ID. This does not prohibit the TDSP from tracking these submeters internally or charging for submetering services via the Competitive Retailer (CR). Notwithstanding the foregoing, TDSPs using the practice of subtract metering shall assign an ESI ID to both the master meter and the subtract meter and report adjusted consumption accordingly.

15.4.1.3 Splitting a Service Delivery Point into Multiple ESI IDs

A Service Delivery Point with Load above one MW may split the actual meter into up to four virtual meters which would each have its own ESI ID. This process of splitting the meter into separate ESI IDs shall be performed in accordance with the requirements of Section 10, Metering. Reissuing and reassignment of ESI IDs is prohibited.

15.4.1.4 New Electric Service Identifier Creation

(1) Since it is anticipated that the ESI ID will be based on the existing TDSP account or Premise numbers (with a prefix identifying the TDSP), the TDSP will assign and submit to the registration database ESI IDs for new Premises as service is extended to them. TDSPs that opt in after the market startup will be responsible for the creation of ESI IDs for all existing Service Delivery Points in their service territory.

(2) The TDSP will send ESI ID information using the 814_20, ESI ID Maintenance Request. ERCOT will verify that this transaction meets Texas Standard Electronic Transaction (TX SET) specifications. ERCOT will respond to the TDSP within one Retail Business Hour, with acceptance or rejection of these transactions using the 814_21, ESI ID Maintenance Response. At least the following data elements are required to be sent in the 814_20 transaction:

(a) ESI ID;

(b) Service Address; city, state, zip;

(c) Load Profile Type;

(d) Meter reading cycle or meter cycle by day of month;

(e) Station ID;

(f) Distribution Loss Factor (DLF) code; and

(g) Premise type.

15.4.1.5 Electric Service Identifier Maintenance

(1) The TDSP will notify ERCOT of any changes in information related to an ESI ID for which it is responsible. The TDSP will send changes to ERCOT using the 814_20, ESI ID Maintenance Request. ERCOT will respond to the TDSP within four Retail Business Hours, using the 814_21, ESI ID Maintenance Response. In addition, ERCOT will send all affected CRs notice of the changes using the 814_20 transaction. The TDSP is responsible for the following data elements:

(a) Service Address; city, state, zip;

(b) Load Profile Type;

(c) Meter reading cycle or meter cycle by day of month;

(d) Station ID;

(e) DLF code;

(f) Eligibility date;

(g) Meter type;

(h) Rate class and sub-class, if applicable;

(i) Special needs indicator;

(j) Meter type, identification number, number of dials and role for each meter at the ESI ID, if ESI ID is metered;

(k) For unmetered ESI IDs, number and description of each unmetered device;

(l) Premise type;

(m) Advanced Metering System (AMS) indicator; and

(n) Switch hold indicator.

(2) If the 814_20 transaction is invalid, ERCOT will respond to the TDSP using the 814_21 transaction within four Retail Business Hours of receipt of the 814_20, with the exception of an 814_20 transaction that is invalid because of "ESI ID Invalid or Not Found." In the case of "ESI ID Invalid or Not Found," ERCOT will hold the 814_20 transaction and continue to retry the request at regular intervals for 48 hours counting only hours on Retail Business Days, but not only Business Hours. If the request remains invalid for 48 hours, the process will terminate and ERCOT will forward an 814_21 transaction.

ERCOT Nodal Protocols

Section 16: Registration and Qualification of Market Participants

October 21, 2013

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16 REGISTRATION AND QUALIFICATION OF MARKET PARTICIPANTS

16.1 Registration and Execution of Agreements

(1) ERCOT shall require each Market Participant to register and execute the Standard Form Market Participant Agreement and, as applicable, Reliability Must-Run Agreement, and Black Start Agreement.

(2) A Standard Form Market Participant Agreement is in Section 22, Attachments, and ERCOT shall also post this agreement on the Market Information System (MIS) Public Area.

(3) ERCOT shall post on the MIS Public Area all registration procedures and applications necessary to complete registration for any function described in these Protocols. As part of its registration procedures, ERCOT may require one or more of the following:

(a) Reasonable tests of the ability of a Market Participant to communicate with ERCOT or perform as required under these Protocols;

(b) An application fee as determined by the ERCOT Board;

(c) Related agreements for specific purposes (such as agency designation, meter splitting, or network interconnection) that apply only to some Market Participants; and

(d) A representation to ERCOT that no officer, owner, partner or other equity interest owner of the Entity was CEO or President or collectively held more than a 10% equity interest in (as owner, partner or other equity interest owner) another Entity at the time of a default where the default resulted in amounts owed to ERCOT remaining unpaid on any Agreement with ERCOT.

16.1.1 Re-Registration as a Market Participant

Any Market Participant that has had one of the following occur must provide to ERCOT a new DUNS Number (DUNS #) to re-register as a Market Participant with ERCOT:

(a) Its Agreement with ERCOT terminated;

(b) Its Customers dropped to the Provider(s) of Last Resort (POLR(s)) pursuant to Section 15.1.3, Mass Transition; or

(c) Its Customers dropped to a gaining Competitive Retailer (CR) pursuant to Section 15.1.3.

16.2 Registration and Qualification of Qualified Scheduling Entities

16.2.1 Criteria for Qualification as a Qualified Scheduling Entity

(1) To become and remain a Qualified Scheduling Entity (QSE), an Entity must meet the following requirements:

(a) Submit a properly completed QSE application for qualification, including any applicable fee and including designation of Authorized Representatives, each of whom is responsible for administrative communications with the QSE and each of whom has enough authority to commit and bind the QSE and the Entities it represents;

(b) Sign a Standard Form Market Participant Agreement;

(c) Sign any required Agreements relating to use of the ERCOT network, software, and systems;

(d) Demonstrate to ERCOT's reasonable satisfaction that the Entity is capable of performing the functions of a QSE;

(e) Demonstrate to ERCOT's reasonable satisfaction that the Entity is capable of complying with the requirements of all ERCOT Protocols and Operating Guides;

(f) Satisfy ERCOT's creditworthiness requirements as set forth in this Section;

[NPRR519: Replace item (1)(f) above with the following upon system implementation:]

(f) Satisfy ERCOT's creditworthiness and capitalization requirements as set forth in this Section, unless exempted from these requirements by Section 16.17, Exemption for Qualified Scheduling Entities Participating Only in Emergency Response Service;

(g) Be generally able to pay its debts as they come due; ERCOT may request evidence of compliance with this qualification only if ERCOT reasonably believes that a QSE is failing to comply with it;

(h) Provide all necessary bank account information and arrange for Fedwire system transfers for two-way confirmation;

(i) Be financially responsible for payment of Settlement charges for those Entities it represents under these Protocols;

(j) Comply with the backup plan requirements in the Operating Guides;

(k) Maintain a 24-hour, seven-day-per-week scheduling center with qualified personnel for the purposes of communicating with ERCOT for scheduling and

deploying the QSE's Ancillary Services in Real-Time. Those personnel must be responsible for operational communications and must have sufficient authority to commit and bind the QSE and the Entities that it represents;

(l) Demonstrate and maintain a working functional interface with all required ERCOT computer systems; and

(m) Allow ERCOT, upon reasonable notice, to conduct a site visit to verify information provided by the QSE.

(2) If a QSE chooses to use Electronic Data Interchange (EDI) transactions to receive Settlement Statements and Invoices, it must participate in and successfully complete testing as described in Section 19.8, Retail Market Testing, before starting operations with ERCOT as a QSE.

(3) A QSE shall promptly notify ERCOT of any change that materially affects the Entity's ability to satisfy the criteria set forth above, and of any material change in the information provided by the QSE to ERCOT that may adversely affect the reliability or safety of the ERCOT System or the financial security of ERCOT. If the QSE fails to so notify ERCOT within one day after the change, then ERCOT may, after providing notice to each Entity represented by the QSE, refuse to allow the QSE to perform as a QSE and may take any other action ERCOT deems appropriate, in its sole discretion, to prevent ERCOT or Market Participants from bearing potential or actual risks, financial or otherwise, arising from those changes, and in accordance with these Protocols.

(4) Subject to the following provisions of this item (4), a QSE may partition itself into any number of subordinate QSEs ("Subordinate QSEs"). If a single Entity requests to partition itself into more than four Subordinate QSEs, ERCOT may implement the request subject to ERCOT's reasonable determination that the additional requested Subordinate QSEs will not be likely to overburden ERCOT's staffing or systems. ERCOT shall adopt an implementation plan allowing phased-in registration for these additional Subordinate QSEs in order to mitigate system or staffing impacts. However, ERCOT may not unreasonably delay that registration.

(5) Each Subordinate QSE must be treated as an individual QSE for all purposes including communications and control functions except for liability, financial security, and financial liability requirements under this Section. That liability, financial security, and financial liability is cumulative for all Subordinate QSEs for the single Entity signing the QSE Agreement.

(6) Continued qualification as a QSE is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend a QSE's rights as a Market Participant when ERCOT reasonably determines that it is an appropriate remedy for the Entity's failure to satisfy any applicable requirement.

16.2.2 QSE Application Process

To register as a QSE, an applicant must submit to ERCOT a completed QSE application and any applicable fee. ERCOT shall post on the MIS Public Area the form in which QSE applications must be submitted, all materials that must be provided with the QSE application and the fee schedule, if any, applicable to QSE applications. The QSE application shall be attested to by a duly authorized officer or agent of the applicant. The QSE applicant shall promptly notify ERCOT of any material changes affecting a pending application using the appropriate form posted on the MIS Public Area. The application must be submitted at least 60 days before the proposed date of commencement of service.

16.2.2.1 Notice of Receipt of Qualified Scheduling Entity Application

Within three Business Days after receiving a QSE application, ERCOT shall issue to the applicant a written confirmation that ERCOT has received the QSE application. ERCOT shall return without review any QSE application that does not include the proper application fee. The remainder of this Section does not apply to any QSE application returned for failure to include the proper application fee.

16.2.2.2 Incomplete Applications

(1) Within ten Business Days after receiving a QSE application, ERCOT shall notify the applicant in writing if the application is incomplete. If ERCOT fails to notify the applicant that the application is incomplete within ten Business Days, then the application is considered complete as of the date ERCOT received it.

(2) If a QSE application is incomplete, ERCOT's notice of incompletion to the applicant must explain the deficiencies and describe the additional information necessary to make the QSE application complete. The QSE applicant has five Business Days after it receives the notice, or a longer period if ERCOT allows, to provide the additional required information. If the applicant responds to the notice within the allotted time, then the QSE application is considered complete on the date that ERCOT received the complete additional information from the applicant.

(3) If the applicant does not respond to the incompletion notice within the time allotted, ERCOT shall reject the application and shall notify the applicant using the procedures below.

16.2.2.3 ERCOT Approval or Rejection of Qualified Scheduling Entity Application

(1) ERCOT may reject a QSE application within ten Business Days after the application has been deemed complete in accordance with this Section. If ERCOT does not reject the QSE application within ten Business days after the application is deemed complete then the application is deemed approved.

(2) If ERCOT rejects a QSE application, ERCOT shall send the applicant a rejection letter explaining the grounds upon which ERCOT rejected the QSE application. Appropriate grounds for rejecting a QSE application include the following:

(a) Required information is not provided to ERCOT in the allotted time;

(b) Noncompliance with technical requirements; and

(c) Noncompliance with other specific eligibility requirements in this Section or in any other Protocols.

(3) Not later than ten Business Days after receiving a rejection letter, the QSE applicant may challenge the rejection of its QSE application using the dispute resolution procedures set forth in Section 20, Alternative Dispute Resolution Procedure. The applicant may submit a new QSE application and fee at any time, and ERCOT shall process the new QSE application under this Section.

(4) If ERCOT does not reject the QSE application within ten Business Days after the application has been deemed complete under this Section, ERCOT shall send the applicant, a Standard Form Market Participant Agreement and any other required agreements relating to use of the ERCOT network, software, and systems for the applicant's signature.

16.2.3 Remaining Steps for Qualified Scheduling Entity Registration

After a QSE application is deemed approved under Section 16.2.2.3, ERCOT Approval or Rejection of Qualified Scheduling Entity Application, the applicant shall coordinate or perform the following:

(a) Return the signed Standard Form Market Participant Agreement and other related agreements to ERCOT;

(b) Coordinate with ERCOT and other Entities, as necessary, to test all communications necessary to participate in the market in the ERCOT Region;

(c) If applicable, a QSE offering services in a Non-Opt-In Entity (NOIE) service territory must obtain written authorization from the NOIE, and submit such authorization to ERCOT;

(d) Submit a Service Filing; and

(e) Demonstrate compliance with security and financial requirements.

16.2.3.1 Qualified Scheduling Entity Service Filing

(1) Not less than 15 days before starting any QSE activities with ERCOT, each QSE shall submit a complete "Service Filing," which includes a QSE Registration Form and a

declaration on any Subordinate QSEs. ERCOT shall post on the MIS Public Area the forms and procedures to be used by a QSE to submit Service Filings. The Service Filing must include the following:

(a) Proof of credit for ERCOT security amount, as detailed below; the security amount must increase or decrease as the number of represented Market Participants and their respective market activities change;

(b) A complete list of all Market Participants that the QSE intends to represent; the list may be updated only until, but not within, the three days before the QSE starts providing QSE services; and,

(c) The date upon which the QSE proposes to start QSE activities with ERCOT.

(2) Not more than three Business Days after receiving each Service Filing, ERCOT shall send a written notice to the QSE that it has received the Service Filing. If the Service Filing is not complete, ERCOT shall notify the QSE by telephone or by written notice with an explanation of the additional information necessary to complete the Service Filing.

(3) Not more than ten days after a complete Service Filing (either a filing that is initially complete or one that has been supplemented under the above procedures) is received by ERCOT, ERCOT shall either notify the QSE that it may begin QSE activities upon its proposed start date or that the QSE's Service Filing is insufficient.

(4) Not later than ten Business Days after receiving a notice of insufficiency, the QSE may challenge the notice of insufficiency using the dispute resolution procedures in Section 20, Alternative Dispute Resolution Procedure. The QSE may submit a new Service Filing, and ERCOT shall process the new Service Filing under this Section.

16.2.3.2 Process to Gain Approval to Follow DSR Load

(1) Each QSE wanting to use Resources to follow DSR Load shall submit a proposal to ERCOT for analysis of the feasibility and reliability of the telemetry required by the proposal. ERCOT shall either approve or disapprove that proposal based on ERCOT's ability to monitor the DSR Load behavior.

(2) Each DSR Load must be associated with a Load meter or group of Load meters. This includes Load that is calculated by subtracting interchange telemetry from actual generation telemetry, appropriately adjusted for Transmission and Distribution Losses.

16.2.3.3 Maintaining and Updating QSE Information

Each QSE must timely update information the QSE provided to ERCOT in the application process, and a QSE must promptly respond to any reasonable request by ERCOT for updated information regarding the QSE or the information provided to ERCOT by the QSE, including:

(a) The QSE's addresses;

(b) A list of Affiliates; and

(c) Designation of the QSE's officers, directors, Authorized Representatives, Credit Contacts, and User Security Administrator (all per the QSE application) including the addresses (if different), telephone and facsimile numbers, and e-mail addresses for those persons.

16.2.3.4 Qualified Scheduling Entity Service Termination

(1) If a QSE intends to terminate representation of an LSE or Resource (other than an LSE or Resource serving as its own QSE, in which case this Section does not apply), the QSE shall provide, no less than 12 Business Days before the specified effective termination date ("Termination Date"), written notice to ERCOT and the LSE or Resource.

(2) Effective at 2400 on the Termination Date specified by the QSE, the QSE may no longer provide QSE services for or represent the terminated LSE or Resource. The QSE is responsible for settlement obligations that the QSE has incurred on behalf of the terminated LSE or Resource before the termination. The QSE must participate in Real-Time Operations through the Termination Date and provide updates pursuant to these Protocols for the Operating Day which is the Termination Date. Notwithstanding the foregoing, if, before the Termination Date, the LSE/Resource:

(a) Affiliates itself with a new QSE, or

(b) Fulfills ERCOT's creditworthiness requirements in order to become an Emergency QSE,

the QSE that provided notice of the intent to terminate representation of the LSE/ Resource will no longer be responsible for the terminated LSE/Resource upon the effective date of the new QSE's representation of that LSE/Resource, or the LSE/Resource qualifying as an Emergency QSE.

(3) Within two Business Days of notice of a QSE's intent to terminate representation of an LSE, ERCOT shall notify the LSE of the level of credit the LSE must provide, if it becomes an Emergency QSE, and the date by which it must post the required collateral.

16.2.4 Posting of Qualified Scheduling Entity List

ERCOT shall post on the MIS Public Area and maintain a current list of all QSEs. ERCOT shall include with that posting a cautionary statement that inclusion on that list does not necessarily mean that a QSE is entitled to provide any service to a third party, nor does it obligate a QSE to provide any service to a third party.

16.2.5 Suspended Qualified Scheduling Entity – Notification to LSEs and Resource Entities Represented

(1) If a QSE can no longer act as a QSE, or if ERCOT suspends the QSE or terminates the Standard Form Market Participant Agreement, ERCOT shall notify the affected LSE's and Resource Entities that the QSE has been suspended and the effective date of such suspension.

(2) If an LSE or Resource Entity represented by the failed or suspended QSE is the same Entity as the failed or suspended QSE, the provisions of Section 16.11.6.1.6, Revocation of a Market Participant's Rights and Termination of Agreements, shall apply to that LSE or Resource Entity, and that LSE or Resource Entity shall not be entitled to become an Emergency QSE.

16.2.6 Emergency Qualified Scheduling Entity

16.2.6.1 Designation as an Emergency Qualified Scheduling Entity or Virtual Qualified Scheduling Entity

(1) A "Virtual QSE" is defined as an LSE or Resource Entity whose QSE has provided notice of its intent to terminate its relationship with the LSE and who has not met ERCOT's creditworthiness requirements to become an Emergency QSE, as set forth in this Section.

(2) If a QSE has given Notice of its intent to terminate its relationship with an LSE or Resource Entity, that LSE or Resource Entity, must, by noon on the fourth Business Day after the termination notice date, either

(a) Designate a new QSE with such relationship to take effect on the Termination Date, or earlier if allowed by ERCOT; or

(b) Satisfy all necessary creditworthiness requirements for QSEs as described in Section 16.2, Registration and Qualification of Qualified Scheduling Entities.

(3) If ERCOT has given Notice of an LSE's or Resource Entity's QSE's suspension, that LSE or Resource Entity will be designated as a Virtual QSE for up to two Bank Business Days, during which time it must either

(a) Designate and begin operations with a new QSE; or

(b) Satisfy all necessary creditworthiness requirements for QSEs as described in Section 16.2, and operate as an Emergency QSE as described below.

(4) If an LSE or Resource Entity meets the creditworthiness requirements, the LSE or Resource Entity may be designated as an Emergency QSE and may, upon the Termination Date, be issued digital certificates and given access to the MIS as determined by ERCOT.

(5) If the LSE fails to meet the requirements of one of the above options in the timeframe set forth above, ERCOT shall, after notice to the LSE and the PUCT, initiate a Mass Transition of the LSE's ESI IDs pursuant to Section 15.1.3, Mass Transition.

(6) If a Resource Entity fails to meet the requirements of one of the options set forth in paragraph (1) or (2) above within the requisite timeframe, ERCOT may allow the Resource Entity additional time, as determined by ERCOT staff, to meet the requirements.

(7) For any Operating Day in which an LSE or Resource Entity is not either represented by a QSE or qualified as an Emergency QSE, ERCOT may designate the LSE or Resource Entity as a Virtual QSE. ERCOT may issue digital certificates to the Virtual QSE for access to the capabilities of the MIS. A Virtual QSE shall be liable for any and all charges associated with Initial, Final and True-Up Settlements as well as any Resettlements applying to dates during which the Virtual QSE represented ESI IDs or otherwise incurred charges pursuant to these Protocols, along with any and all costs incurred by ERCOT in collecting such amounts.

(8) ERCOT shall maintain a referral list of qualified QSEs on the MIS Public Area who request to be listed as providing QSE services on short notice. The list shall include the QSE's name, contact information and whether they are qualified to represent Load and/or Resources and/or provide Ancillary Services. ERCOT shall not be obligated to verify the abilities of any QSE so listed. ERCOT shall require all QSEs listed to confirm their inclusion on the referral list no later than the start of each calendar year.

16.2.6.2 Market Participation by an Emergency Qualified Scheduling Entity or a Virtual Qualified Scheduling Entity

(1) An Emergency QSE or a Virtual QSE may only represent itself and may only submit:

(a) Energy Trades in which the Emergency QSE or the Virtual QSE is the buyer;

(b) Capacity Trades in which the Emergency QSE or the Virtual QSE is the buyer;

(c) Ancillary Service Trades in which the Emergency QSE or the Virtual QSE is the buyer; and

(2) An Emergency or Virtual QSE may submit DAM Energy Bids.

(3) An Emergency QSE or a Virtual QSE may submit those transactions described in paragraph (1) or (2) above, only to the extent that they are intended to serve the Load of the Emergency QSE's or Virtual QSE's Customers. If a Resource Entity, may submit transactions described in item (1) or (2) above only to the extent that those transactions are wholly provided by the Resource Entity's Resource(s).

16.2.6.3 Requirement to Obtain New Qualified Scheduling Entity or Qualified Scheduling Entity Qualification

(1) Within seven Business Days after receiving designation as an Emergency QSE, an Emergency QSE must either:

(a) Designate a QSE that will represent the LSE or Resource Entity to ERCOT or

(b) Fulfill all QSE registration and qualification requirements. After completing the requirements in item (b), ERCOT may redesignate the Emergency QSE as a QSE.

(2) If an Emergency QSE that is an LSE fails to meet at least one of the requirements listed above within the allotted time, then ERCOT shall, after notice to the Emergency QSE and the PUCT, initiate a Mass Transition of the LSE's ESI IDs pursuant to Section 15.1.3, Mass Transition. If an Emergency QSE that is a Resource Entity fails to meet at least one of the requirements listed above within the allotted time, ERCOT may allow the Resource Entity additional time, as determined by ERCOT staff, to meet the requirements.

16.2.7 Acceleration

Upon termination of a QSE's rights as a QSE and the Standard Form Market Participant Agreement or any other Agreement(s) between ERCOT and the QSE, all sums owed to ERCOT are immediately accelerated and are immediately due and owing in full. At that time, ERCOT may immediately draw upon any security or other collateral pledged to ERCOT and may offset or recoup all amounts due to ERCOT to satisfy those due and owing amounts.

16.3 Registration of Load Serving Entities

(1) Load Serving Entities (LSEs) provide electric service to Customers and Wholesale Customers. LSEs include Non-Opt-In Entities (NOIEs) that serve Load and Competitive Retailers (CRs) (which includes Retail Electric Providers (REPs)). Each LSE operating in ERCOT, or in non-ERCOT portions of Texas in areas where Customer Choice is in effect, must register with ERCOT. To become registered as an LSE, an Entity must execute a Standard Form Market Participant Agreement (using the form in Section 22, Attachment A, Standard Form Market Participant Agreement), designate LSE Authorized Representatives, contacts, and a User Security Administrator (USA) (per the Application for Registration as an LSE), and demonstrate to ERCOT's reasonable satisfaction that it is capable of performing the functions of an LSE under these Protocols. Additionally, a

REP must demonstrate certification by P.U.C. SUBST. R. 25.107, Certification of Retail Electric Providers (REPs), and comply with the remaining requirements of this Section.

(2) All CRs must participate in and successfully complete testing as described in Section – 19.8, Retail Market Testing, prior to commencing operations with ERCOT.

(3) ERCOT may require that the Entity satisfactorily complete testing of interfaces between the Entity's systems and relevant ERCOT systems.

16.3.1 Technical and Managerial Requirements for LSE Applicants

An LSE applicant must:

(1) Be capable of complying with all policies, rules, guidelines, registration requirements and procedures established by these Protocols, ERCOT, or other Independent Organizations, if applicable;

(2) Be capable of purchasing power from Entities registered with or by ERCOT or the Independent Organizations and capable of complying with its system rules; and,

(3) Be capable of purchasing capacity and reserves, or other Ancillary Services, as may be required by ERCOT, or other Independent Organizations, to provide adequate electricity to all the applicant's Customers.

16.3.1.1 Designation of a Qualified Scheduling Entity

(1) Each LSE applicant within the ERCOT Region shall designate the QSE that will perform QSE functions per these Protocols on behalf of the LSE. Each applicant shall acknowledge that it bears sole responsibility for selecting and maintaining a QSE as its representative. The applicant shall include a written statement from the designated QSE acknowledging that the QSE accepts responsibility for the applicant's transactions under these Protocols. The acknowledgement of the LSE's QSE designation must be approved by ERCOT prior to a Competitive Retailer's (CR's) enrollment of Customer ESI IDs or prior to NOIE registration of a wholesale point of delivery.

(2) If an LSE fails to maintain a QSE as its representative, the LSE may be designated as an Emergency QSE as provided in Section 16.2.6.1, Designation as an Emergency Qualified Scheduling Entity or Virtual Qualified Scheduling Entity.

16.3.2 Registration Process for Load Serving Entities

(1) Any Entity providing electric service to Customers in ERCOT, or in Non-ERCOT portions of Texas in areas where Customer Choice is in effect, must submit to ERCOT a Load Serving Entity Application ("LSE application"). ERCOT shall post on the MIS Public Area the form in which LSE applications must be submitted, all materials that

must be provided with the LSE application, and the fee schedule, if any, applicable to LSE applications.

(2) The LSE application must be attested to by a duly authorized officer or agent of the applicant. The applicant shall promptly notify ERCOT of any material changes affecting a pending LSE application using the appropriate form posted on the MIS Public Area.

16.3.2.1 Notice of Receipt of Load Serving Entity Application

Within three Business Days after receiving an LSE application, ERCOT shall issue the LSE applicant a written confirmation that ERCOT has received the LSE application. ERCOT shall return without review any LSE application that does not include the proper application fee. The remainder of this Section does not apply to any LSE application returned for failure to include the proper application fee.

16.3.2.2 Incomplete Load Serving Entity Applications

(1) Not more than ten Business Days after receiving an LSE application, ERCOT shall notify the applicant in writing whether the application is complete.

(2) If ERCOT determines that an LSE application is not complete, ERCOT's notice must explain the reasons for that determination and the additional information necessary to make the application complete. The applicant has five Business Days from receiving ERCOT's notice, or such longer period as ERCOT may allow, to provide the additional information set forth in ERCOT's notice. If the applicant timely responds to ERCOT's notice with the required additional information, then the application is deemed complete on the date that ERCOT receives the applicant's response.

(3) If the applicant does not timely respond to ERCOT's Notice, then the application must be rejected, and ERCOT shall retain any application fee included with the application.

16.3.2.3 ERCOT Approval or Rejection of Load Serving Entity Application

(1) ERCOT may reject an LSE application within ten Business Days after the application has been deemed complete in accordance with this Section. If ERCOT does not reject the LSE application within ten Business Days after the application is deemed complete then the application is deemed approved.

(2) If ERCOT rejects a LSE application, ERCOT shall send the LSE applicant a rejection letter explaining the grounds upon which ERCOT rejected the LSE application. Appropriate grounds for rejecting a LSE application include the following:

(a) Required information is not provided to ERCOT in the allotted time;

(b) Noncompliance with technical requirements; and

(c) Noncompliance with other specific eligibility requirements set forth in this Section or in any other part of these Protocols.

(3) Not later than ten Business Days after receiving a rejection letter, the LSE applicant may challenge the rejection of its LSE application using the dispute resolution procedures set forth in Section 20, Alternative Dispute Resolution Procedure. The applicant may submit a new LSE application and fee at any time, and ERCOT shall process the new LSE application under this Section.

16.3.3 Changing QSE Designation

(1) An LSE may change its designation of QSE with written notice to ERCOT no more than once in any consecutive three days.

(2) If an LSE's representation by a QSE will terminate or the LSE intends to be represented by a different QSE, the LSE shall provide the name of the newly designated QSE to ERCOT along with a written statement from the designated QSE acknowledging the QSE's agreement to accept responsibility for the LSE's transactions under these Protocols. ERCOT shall notify the LSE of approval or disapproval as soon as practicable after receipt of the designation.

(3) The LSE shall submit updated QSE designation information to ERCOT no less than six days prior to the effective date.

(4) Within two days of approving the LSE's notice, ERCOT shall notify all affected Entities, including the LSE's current QSE, of the effective date of the change.

16.3.4 Maintaining and Updating LSE Information

Each LSE must timely update information the LSE provided to ERCOT in the application process, and an LSE must promptly respond to any reasonable request by ERCOT for updated information regarding the LSE or the information provided to ERCOT by the LSE, including:

(a) The LSE's addresses;

(b) A list of Affiliates; and

(c) Designation of the LSE's officers, directors, Authorized Representatives, and User Security Administrator (all per the LSE application) including the addresses (if different), telephone and facsimile numbers, and e-mail addresses for those persons.

16.3.5 Load Serving Entities Outside of ERCOT

(1) LSEs operating only outside of the ERCOT Region are not required to designate a QSE.

(2) Each LSE operating only outside of the ERCOT Region but within Texas ("Non-ERCOT LSE") is required to register with ERCOT but is not required to comply with those sections of the Protocols that relate only to operations in the ERCOT Region.

16.4 Registration of ERCOT and Non-ERCOT Transmission and Distribution Service Providers

(1) Each Entity operating as a Transmission Service Provider (TSP) or Distribution Service Provider (DSP) within the ERCOT Region, including Municipally Owned Utilities (MOUs) and Electric Cooperatives (ECs), shall register as a TSP or DSP, or both, as applicable, with ERCOT. Any DSP operating only outside of the ERCOT Region, but within Texas ("Non-ERCOT DSP") shall also register as a DSP, but Non-ERCOT DSPs are not required to comply with sections of the Protocols relating only to operations in the ERCOT Region. To register as a TSP or DSP, an Entity must comply with the backup plan requirements in the Operating Guides, execute a Standard Form Market Participant Agreement (using the form provided in Section 22, Attachment A, Standard Form Market Participant Agreement), designate TSP or DSP Authorized Representatives, contacts, and a User Security Administrator (USA) (per the Application for Registration as a TSP or DSP), and be capable of performing the functions of a TSP or DSP, as applicable, as described in these Protocols.

(2) DSPs operating within portions of Texas in areas where Customer Choice is in effect (including opt-in MOUs and opt-in co-ops) must participate in and successfully complete testing as described in Section 19.8, Retail Market Testing, before starting operations with ERCOT.

16.5 Registration of a Resource Entity

(1) A Resource Entity owns or controls an All-Inclusive Resource connected to the ERCOT System. Each Resource Entity operating in the ERCOT Region must register with ERCOT. To become registered as a Resource Entity, an Entity must execute a Standard Form Market Participant Agreement (using the form in Section 22, Attachment A, Standard Form Market Participant Agreement), designate Resource Entity Authorized Representatives, contacts, and a User Security Administrator (USA) (per the Application for Registration as a Resource Entity), and demonstrate to ERCOT's reasonable satisfaction that it is capable of performing the functions of a Resource Entity under these Protocols. The Resource Entity shall register each All-Inclusive Resource with ERCOT through ERCOT registration, except for Distributed Generation (DG) with an installed capacity equal to or lower than the DG registration threshold. A Resource Entity may submit a proposal to register the aggregation of non-wind generators as an Aggregate Generation Resource (AGR) which ERCOT may grant at its sole discretion.

(2) Prior to commissioning, Resources Entities will regularly update the data necessary for modeling. These updates will reflect the best available information at the time submitted.

(3) Following ERCOT's receipt of a new or amended Standard Generation Interconnection Agreement (SGIA) or a letter from a duly authorized official from the Municipally Owned Utility (MOU) or Electric Cooperative (EC), ERCOT shall review the description of the proposed All-Inclusive Generation Resource in Exhibit "C" (or similar exhibit) to the SGIA and the data submitted through the Resource registration process to assess whether the Resource, as proposed, would violate any operational standards established in the Protocols, Planning Guide, Nodal Operating Guides, and Other Binding Documents. ERCOT must provide its determination to the Transmission Service Provider (TSP) and the owner of the proposed Resource within 60 days of the date ERCOT receives the new or amended SGIA or letter from a duly authorized official from the MOU or EC. Notwithstanding the foregoing, this determination shall not preclude ERCOT from subsequently determining that the Resource violates any operational standards established in the Protocols, Planning Guide, Nodal Operating Guides, and Other Binding Documents or from taking any appropriate action based on that determination.

(4) If, at any time before allowing initial synchronization of an All-Inclusive Generation Resource with the ERCOT System following the execution of a new or amended SGIA or ERCOT's receipt of a letter from a duly authorized official from the MOU or EC, ERCOT reasonably determines that the Resource may violate operational standards established in the Protocols, Planning Guide, Nodal Operating Guides, and Other Binding Documents, ERCOT may require the affected Resource Entity to demonstrate to ERCOT's reasonable satisfaction that the Resource can comply with these standards before the Resource will be permitted to synchronize. ERCOT must promptly identify the particular provision that it determines may be violated and the factual basis for this determination. ERCOT may refuse to allow initial synchronization if the Resource Entity cannot demonstrate that the Resource can comply with these standards. Upon review of the Resource Entity's response to that determination, ERCOT must promptly notify the Resource Entity whether the possible violation of operational standards established in the Protocols, Planning Guide, Nodal Operating Guides, and Other Binding Documents has been remedied.

(5) DG with an installed capacity greater than one MW, the DG registration threshold, must register with ERCOT. ERCOT shall reduce the DG registration threshold as required by these Protocols and post this requirement on the Market Information System (MIS) Public Area. ERCOT shall produce quarterly reports on the total unregistered installed capacity of DG greater than 50 kW below the current threshold, summed by Load Zone. Such quarterly report shall contain the current DG registration threshold. If the total installed capacity of unregistered DG greater than 50 kW exceeds ten MW in any Load Zone, then ERCOT shall issue a Market Notice that states a lower DG registration threshold. Such registration threshold shall be calculated by ERCOT to reduce the total installed capacity of unregistered DG greater than 50 kW to no more than seven MW in any Load Zone. This new DG registration threshold shall become effective nine months after ERCOT has issued the Market Notice and posted the new requirement on the MIS Public Area. Notwithstanding the above, at no time shall ERCOT reduce the DG registration threshold below 50 kW.

(6) Following this Market Notice, ERCOT shall inform the appropriate Technical Advisory Committee (TAC) subcommittee of the change in DG registration requirements at its next meeting. The subcommittee shall analyze the quarterly report, and may take any action it deems appropriate, including submitting a Nodal Protocol Revision Request (NPRR) to alter this Section.

16.5.1 Technical and Managerial Requirements for Resource Entity Applicants

A Resource Entity applicant must:

(1) Be capable of complying with all policies, rules, guidelines, registration requirements, and procedures established by these Protocols, ERCOT, or other Independent Organizations, if applicable; and

(2) Be capable of purchasing power from Entities registered with or by ERCOT or the Independent Organizations and capable of complying with its system rules.

16.5.1.1 Designation of a Qualified Scheduling Entity

(1) Each Resource Entity applicant within the ERCOT Region shall designate the Qualified Scheduling Entity (QSE) that will perform QSE functions per these Protocols on behalf of the Resource Entity. Each applicant shall acknowledge that it bears sole responsibility for selecting and maintaining a QSE as its representative. The applicant shall include a written statement from the designated QSE acknowledging that the QSE accepts responsibility for the applicant's transactions pursuant to these Protocols. For the Resource Entity that owns or operates a Generation Resource, the Resource Entity's QSE designation must be submitted to ERCOT no later than 45 days prior to the Network Operations Model change date, as described in Section 3.10.1, Time Line for Network Operations Model Changes, for the Resource.

(2) If a Resource Entity fails to maintain a QSE as its representative, the Resource Entity may be designated as an Emergency QSE as provided in Section 16.2.6.1, Designation as an Emergency Qualified Scheduling Entity or Virtual Qualified Scheduling Entity.

16.5.1.2 Waiver for Federal Hydroelectric Facilities

ERCOT may grant a waiver to any federally owned hydroelectric All-Inclusive Resource within the ERCOT System from fulfilling the requirements in Section 16.5, Registration of a Resource Entity, as they pertain to the submission of a Resource Entity application and the execution of a Market Participant Agreement (Section 22, Attachment A, Standard Form Market Participant Agreement). ERCOT may grant such waiver after the federally owned hydroelectric Resource Entity provides ERCOT with the following:

(a) All information necessary to meet the Resource Entity registration requirements as provided in this Section;

(b) The designation of a QSE for each All-Inclusive Resource that it owns or controls; and

(c) Assignment of each All-Inclusive Resource's Electric Service Identifier (ESI ID) to a Load Serving Entity (LSE) serving any Load or net Load, if the All-Inclusive Resource is net metered and will be connected to the ERCOT System. Such Load, if retail Load, is subject to all applicable rules and procedures, including rules concerning disconnection and Provider of Last Resort (POLR) service, applicable to other retail points of delivery.

16.5.1.3 Waiver for Block Load Transfer Resources

ERCOT may grant a waiver to a Resource Entity for a Block Load Transfer (BLT) Resource from fulfilling the requirements in Section 16.5, Registration of a Resource Entity, as they pertain to the submission of a Resource Entity application and the execution of a Market Participant Agreement (Section 22, Attachment A, Standard Form Market Participant Agreement). ERCOT may grant such waiver after the Resource Entity for the BLT Resource provides ERCOT with the following:

(a) All applicable information necessary to meet the Resource Entity registration requirements as provided in this Section; and

(b) The designation of a QSE for the BLT Resource.

16.5.2 Registration Process for a Resource Entity

(1) To register as a Resource Entity, an applicant must submit to ERCOT a completed Resource Entity application and any applicable fee. ERCOT shall post on the MIS Public Area the form in which Resource Entity applications must be submitted, all materials that must be provided with the Resource Entity application.

(2) The Resource Entity application must be attested to by a duly authorized officer or agent of the applicant. The applicant shall promptly notify ERCOT of any material changes affecting a pending Resource Entity application using the appropriate form posted on the MIS Public Area.

(3) If the Resource Entity intends to own or control a Load Resource located within a Non-Opt-In Entity's (NOIE's) service territory, such applicant must designate the NOIE's QSE, or an alternate QSE authorized by the NOIE. If an alternate QSE is designated, then such QSE representing that Load Resource must first obtain written permission from the NOIE prior to offering any services in the NOIE's service territory. The alternate QSE shall submit the NOIE's written permission to ERCOT at the time of designation.

16.5.2.1 Notice of Receipt of Resource Entity Application

Within three Business Days after receiving a Resource Entity application, ERCOT shall issue the Resource Entity applicant a written confirmation that ERCOT has received the application. ERCOT shall return without review any Resource Entity application that is not complete.

16.5.2.2 Incomplete Resource Entity Applications

(1) Not more than ten Business Days after receiving a Resource Entity application, ERCOT shall notify the applicant in writing whether the application is complete.

(2) If ERCOT determines that a Resource Entity application is not complete, ERCOT's notice must explain the reasons for that determination and the additional information necessary to make the application complete. The applicant has five Business Days from receiving ERCOT's notice, or such longer period as ERCOT may allow, to provide the additional information set forth in ERCOT's notice. If the applicant timely responds to ERCOT's notice with the required additional information, then the application is deemed complete on the date that ERCOT receives the applicant's response.

(3) If the applicant does not timely respond to ERCOT's notice, then the application must be rejected, and ERCOT shall retain any application fee included with the application.

16.5.2.3 ERCOT Approval or Rejection of a Resource Entity Application

(1) ERCOT may reject a Resource Entity application within ten Business Days after the application has been deemed complete in accordance with this Section. If ERCOT does not reject the Resource Entity application within ten Business Days after the application is deemed complete then the application is deemed approved.

(2) If ERCOT rejects a Resource Entity application, ERCOT shall send the Resource Entity applicant a rejection letter explaining the grounds upon which ERCOT rejected the Resource Entity application. Appropriate grounds for rejecting a Resource Entity application include the following:

(a) Required information is not provided to ERCOT in the allotted time;

(b) Noncompliance with technical requirements; and

(c) Noncompliance with other specific eligibility requirements set forth in this Section or in any other part of these Protocols.

(3) Not later than ten Business Days after receiving a rejection letter, the Resource Entity applicant may challenge the rejection of its Resource Entity application using the dispute resolution procedures set forth in Section 20, Alternative Dispute Resolution Procedure. The applicant may submit a new Resource Entity application and fee at any time, and ERCOT shall process the new Resource Entity application under this Section.

16.5.3 Changing QSE Designation

(1) A Resource Entity may change its designation of QSE with written notice to ERCOT, no more than once in any consecutive three days.

(2) If a Resource Entity's representation by a QSE will terminate or the Resource Entity intends to be represented by a different QSE, the Resource Entity shall provide the name of the newly designated QSE to ERCOT along with a written statement from the newly designated QSE acknowledging the QSE's agreement to accept responsibility for the Resource Entity's transactions under these Protocols. For the Resource Entity that owns or operates a Generation Resource, the Resource Entity's QSE designation must be approved by ERCOT before the Resource Entity will be evaluated for compliance with the requirements of paragraph (3) below. ERCOT shall notify the Resource Entity of approval or disapproval as soon as practicable after receipt of the request.

(3) For Resources required by these Protocols to be in the Network Operations Model, the following apply:

(a) The designated QSE shall install all telemetry required of these Protocols for the requesting Resource Entity and schedule point-to-point data verification with ERCOT.

(b) The designated QSE shall submit telemetry data descriptions to ERCOT to meet ERCOT's normal model update process.

(c) The Resource must submit any changes in system topology or telemetry according to Section 3.3.2.1, Information to Be Provided to ERCOT.

(d) The effective date for the newly designated QSE shall be in accordance with Section 3.10.1, Time Line for Network Operations Model Changes.

(e) ERCOT may request the Resource Entity to develop a transition implementation plan to be approved by ERCOT that sets appropriate deadlines for completion of all required data and telemetry verification and cutover testing activities with ERCOT.

(4) For all other Resources, the new QSE designation is to be received no less than six days prior to the effective date.

(5) Within two days of approving a Resource Entity's notice, ERCOT shall notify all affected Entities, including the Resource Entity's current QSE, of the effective date of the change.

16.5.4 Maintaining and Updating Resource Entity Information

(1) Each Resource Entity must timely update information the Resource Entity provided to ERCOT in the application process, and a Resource Entity must promptly respond to any

reasonable request by ERCOT for updated information regarding the Resource Entity or the information provided to ERCOT by the Resource Entity, including:

(a) The Resource Entity's addresses;

(b) A list of Affiliates; and

(c) Designation of the Resource Entity's officers, directors, Authorized Representatives, and USA (all per the Resource Entity application) including the addresses (if different), telephone and facsimile numbers, and e-mail addresses for those persons.

(2) If a Resource Entity has a Switchable Generation Resource with a requirement in a non-ERCOT Control Area for the months of July through August ("Peak Period"), it shall report to ERCOT in writing, annually by April 1, the dates that the identified capacity will not be available to the ERCOT System during the Peak Period for the subsequent ten years. After receipt of the written communication from a Resource Entity to ERCOT, ERCOT may, at its discretion, reflect this information in the Annual Planning Models by changing Resource Entity supplied parameters that were submitted to the Network Operations Model to reflect the Switchable Generation Resource capacity that will not be available to the ERCOT System. The Network Operations Model and other downstream models will not be altered to reflect the removed capacity.

16.6 Registration of Municipally Owned Utilities and Electric Cooperatives in the ERCOT Region

(1) Each Municipally Owned Utility (MOU) and Electric Cooperative (EC) shall register with ERCOT and sign the Agreements that apply to the functions it performs in the ERCOT Region, regardless of whether planning to be a Non-Opt-In Entity (NOIE) or a Competitive Retailer.

(2) Each MOU and EC that decides to opt in shall register as a Competitive Retailer and notify ERCOT of its intentions six months prior to opting in.

(3) Each MOU and EC shall designate a QSE with ERCOT on its behalf.

(4) ERCOT shall create and assign each NOIE an ESI ID to each NOIE wholesale point of delivery as specified in these Protocols. The ESI IDs must be assigned to an LSE.

16.7 Registration of Renewable Energy Credit Account Holders

Each Entity intending to participate in the Renewable Energy Credit (REC) program shall register with ERCOT and execute a Market Participant Agreement (as provided in Section 22, Attachment A, Standard Form Market Participant Agreement) prior to participation in the REC program.

16.8 Registration and Qualification of Congestion Revenue Rights Account Holders

16.8.1 Criteria for Qualification as a CRR Account Holder

(1) To become and remain a CRR Account Holder, an Entity must meet the following requirements:

(a) Submit a properly completed CRR Account Holder application for qualification, including any applicable fee and including designation of "Authorized Representatives," each of whom is responsible for administrative communications with the CRR Account Holder and each of whom has enough authority to commit and bind the CRR Account Holder;

(b) Sign a CRR Account Holder Agreement;

(c) Sign any required Agreements relating to use of the ERCOT network, software, and systems;

(d) Demonstrate to ERCOT's reasonable satisfaction that the Entity is capable of performing the functions of a CRR Account Holder;

(e) Demonstrate to ERCOT's reasonable satisfaction that the Entity is capable of complying with the requirements of all ERCOT Protocols and Operating Guides;

(f) Satisfy ERCOT's creditworthiness requirements as set forth in this Section;

(g) Be generally able to pay its debts as they come due; ERCOT may request evidence of compliance with this qualification only if ERCOT reasonably believes that a CRR Account Holder is failing to comply with it;

(h) Provide all necessary bank account information and arrange for Fedwire system transfers for two-way confirmation;

(i) Be financially responsible for payment of its settlement charges under these Protocols; and

(j) Not be an unbundled TSP, DSP, or an ERCOT employee.

(2) A CRR Account Holder shall promptly notify ERCOT of any change that materially affects the Entity's ability to satisfy the criteria set forth above, and of any material change in the information provided by the CRR Account Holder to ERCOT that may adversely affect the financial security of ERCOT. If the CRR Account Holder fails to so notify ERCOT within one day after the change, then ERCOT may refuse to allow the CRR Account Holder to perform as a CRR Account Holder and may take any other action ERCOT deems appropriate, in its sole discretion, to prevent ERCOT or Market Participants from bearing potential or actual risks, financial or otherwise, arising from those changes, and in accordance with these Protocols.

(3) Continued qualification as a CRR Account Holder is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend a CRR Account Holder's rights as a Market Participant when ERCOT reasonably determines that it is an appropriate remedy for the Entity's failure to satisfy any applicable requirement.

16.8.2 CRR Account Holder Application Process

To register as a CRR Account Holder, an applicant must submit to ERCOT a completed CRR Account Holder application and any applicable fee. ERCOT shall post on the MIS Public Area the form in which CRR Account Holder applications must be submitted, all materials that must be provided with the CRR Account Holder application and the fee schedule, if any, applicable to CRR Account Holder applications. The CRR Account Holder application shall be attested to by a duly authorized officer or agent of the applicant. The CRR Account Holder applicant shall promptly notify ERCOT of any material changes affecting a pending application using the appropriate form posted on the MIS Public Area. The application must be submitted at least 15 days before the first day of participation in the CRR Auction process or purchase of CRRs.

16.8.2.1 Notice of Receipt of CRR Account Holder Application

Within three Business Days after receiving a CRR Account Holder application, ERCOT shall issue to the applicant a written confirmation that ERCOT has received the CRR Account Holder application. ERCOT shall return without review any CRR Account Holder application that does not include the proper application fee. The remainder of this Section does not apply to any CRR Account Holder application returned for failure to include the proper application fee.

16.8.2.2 Incomplete Applications

(1) Within ten Business Days after receiving a CRR Account Holder application, ERCOT shall notify the applicant in writing if the application is incomplete. If ERCOT fails to notify the applicant that the application is incomplete within ten Business Days, then the application is considered complete as of the date ERCOT received it.

(2) If a CRR Account Holder application is incomplete, ERCOT's notice of incompletion to the applicant must explain the deficiencies and describe the additional information necessary to make the CRR Account Holder application complete. The CRR Account Holder applicant has five Business Days after it receives the notice, or a longer period if ERCOT allows, to provide the additional required information. If the applicant responds to the notice within the allotted time, then the CRR Account Holder application is considered complete on the date that ERCOT received the complete additional information from the applicant.

(3) If the applicant does not respond to the incompletion notice within the time allotted, ERCOT shall reject the application and shall notify the applicant using the procedures below.

16.8.2.3 ERCOT Approval or Rejection of CRR Account Holder Application

(1) ERCOT may reject a CRR Account Holder application within ten Business Days after the application has been deemed complete in accordance with this Section. If ERCOT does not reject the CRR Account Holder application within ten Business days after the application is deemed complete then the application is deemed approved.

(2) If ERCOT rejects a CRR Account Holder application, ERCOT shall send the applicant a rejection letter explaining the grounds upon which ERCOT rejected the CRR Account Holder application. Appropriate grounds for rejecting a CRR Account Holder application include the following:

(a) Required information is not provided to ERCOT in the allotted time;

(b) Noncompliance with technical requirements; and

(c) Noncompliance with other specific eligibility requirements in this Section or in any other Protocols.

(3) Not later than ten Business Days after receiving a rejection letter, the CRR Account Holder applicant may challenge the rejection of its CRR Account Holder application using the dispute resolution procedures set forth in Section 20, Alternative Dispute Resolution Procedure. The applicant may submit a new CRR Account Holder application and fee at any time, and ERCOT shall process the new CRR Account Holder application under this Section.

(4) If ERCOT does not reject the CRR Account Holder application within ten Business Days after the application has been deemed complete under this Section, ERCOT shall send the applicant, a CRR Account Holder Agreement and any other required agreements relating to use of the ERCOT network, software, and systems for the applicant's signature.

16.8.3 Remaining Steps for CRR Account Holder Registration

After a CRR Account Holder application is deemed approved under Section 16.8.2.3, ERCOT Approval or Rejection of CRR Account Holder Application, the applicant shall coordinate or perform the following:

(a) Return the signed CRR Account Holder Agreement and other related agreements to ERCOT; and

(b) Demonstrate compliance with security and financial requirements.

16.8.3.1 Maintaining and Updating CRR Account Holder Information

Each CRR Account Holder must timely update information the CRR Account Holder provided to ERCOT in the application process, and a CRR Account Holder must promptly respond to any reasonable request by ERCOT for updated information regarding the CRR Account Holder or the information provided to ERCOT by the CRR Account Holder, including:

(a) The CRR Account Holder's addresses;

(b) A list of Affiliates; and

(c) Designation of the CRR Account Holder's officers, directors, Authorized Representatives, Credit Contacts, and User Security Administrator (all per the CRR Account Holder application) including the addresses (if different), telephone and facsimile numbers, and e-mail addresses for those persons.

16.9 Resources Providing Reliability Must-Run Service

Any Entity providing Reliability Must-Run (RMR) Service must comply with all the requirements to become a Resource Entity under this Section and must sign an RMR Agreement (Section 22, Attachment B, Standard Form Reliability Must-Run Agreement).

16.10 Resources Providing Black Start Service

Any Entity providing Black Start Service must comply with all the requirements to become a Resource Entity under this Section and must sign a Black Start Agreement (Section 22, Attachment D, Standard Form Black Start Agreement).

16.11 Financial Security for Counter-Parties

(1) The term "Financial Security" in this Section means the collateral amount posted with ERCOT in any of the forms listed in Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements.

(2) The term "Secured Collateral" in this Section means the collateral posted by a Counter-Party with ERCOT in the form of an unconditional, irrevocable letter of credit, a surety bond naming ERCOT as the beneficiary, or cash.

(3) The term "Remainder Collateral" in this Section means the Secured Collateral minus Total Potential Exposure Secured (TPES) minus Net Positive Exposure of approved Congestion Revenue Right (CRR) Bilateral Trades minus Available Credit Limit (ACL) locked for CRR.

16.11.1 ERCOT Creditworthiness Requirements for Counter-Parties

Each Counter-Party shall meet ERCOT's creditworthiness standards as provided in this Section. A Counter-Party must, at all times, maintain its Financial Security at or above the amount of its Total Potential Exposure (TPE) minus its Unsecured Credit Limit. Each Counter-Party shall maintain any required Financial Security in a form acceptable to ERCOT in its sole discretion. If at any time the Counter-Party does not meet ERCOT's creditworthiness requirements, then ERCOT may suspend the Counter-Party's rights under these Protocols until it meets those creditworthiness requirements. ERCOT's failure to suspend the Counter-Party's rights on any particular occasion does not prevent ERCOT from suspending those rights on any subsequent occasion, including a Congestion Revenue Right (CRR) Account Holder's ability to bid on future CRRs or a Qualified Scheduling Entity's (QSE's) ability to bid in the Day-Ahead Market (DAM).

16.11.2 Requirements for Setting a Counter-Party's Unsecured Credit Limit

(1) The terms Minimum Credit Rating, Credit Rating, Minimum Equity, Minimum Average Times/Interest Earning Ratio (TIER) and Debt Service Coverage (DSC) Ratios, Maximum Debt to Total Capitalization Ratio, Minimum Equity to Assets Ratio, Minimum Earnings Before Interest, Taxes, Depreciation, Amortization (EBITDA) to Interest and Current Maturities of Long-Term Debt (CMLTD) ratio, Unsecured Credit Limit and Minimum Equity Ratios are defined in the ERCOT Creditworthiness Standards adopted by the ERCOT Board and published on the Market Information System (MIS) Public Area.

(2) ERCOT, in its sole discretion, may set an Unsecured Credit Limit for a Counter-Party if it meets one of the following requirements:

(a) Has at least the required Minimum Equity and a Credit Rating that meets or exceeds the Minimum Credit Rating; or

(b) Is an Electric Cooperative (EC) without a Credit Rating, and:

(i) Is a Rural Utilities Service (RUS) distribution borrower or power supply borrower as those terms are used in Title 7 of the Code of Federal Regulations, 7 C.F.R. § 1717.656 (2005);

(ii) Maintains at least the required minimum average TIER and DSC ratios, as defined in 7 C.F.R § 1710.114 (2005)

(iii) Maintains at least the required Minimum Equity to Assets Ratio; and

(iv) Maintains at least the required Minimum Equity; or

(c) Is a Municipal Entity without a Credit Rating, and:

(i) Maintains at least the required minimum average TIER and DSC ratios;

(ii) Maintains at least the required Minimum Equity to Assets Ratio; and

(iii) Maintains at least the required Minimum Equity; or

(d) Is a privately held company without a Credit Rating, and:

(i) Has equity in the amount equal to or greater than the required Minimum Equity;

(ii) Maintains at most the Maximum Debt to Total Capitalization Ratio; and

(iii) Maintains at least the required Minimum EBITDA to Interest and CMLTD ratio.

16.11.3 Alternative Means of Satisfying ERCOT Creditworthiness Requirements

If a Counter-Party is required to provide Financial Security under these Protocols, then it may do so through one or more of the following means:

(a) Another Entity may give a guarantee to ERCOT, if ERCOT has set an Unsecured Credit Limit for the Entity under the standards in paragraph (2) of Section 16.11.2, Requirements for Setting a Counter-Party's Unsecured Credit Limit. ERCOT shall value the guarantee based on the guarantor's Unsecured Credit Limit and other obligations the guarantor has under these Protocols or other contracts with ERCOT. The guarantee must be given using one of the ERCOT Board-approved standard guarantee forms.

(b) The Counter-Party may give an unconditional, irrevocable letter of credit naming ERCOT as the beneficiary. ERCOT may, in its sole discretion, reject the letter of credit if the issuer is unacceptable to ERCOT or if the conditions under which ERCOT may draw against the letter of credit are unacceptable to ERCOT. The letter of credit must be given using the ERCOT Board-approved standard letter of credit form.

(c) The Counter-Party may give a surety bond naming ERCOT as the beneficiary. The surety bond must be signed by a surety acceptable to ERCOT, in its sole discretion, in compliance with limits set by the ERCOT Creditworthiness Standards, and must be in the form of ERCOT's standard surety bond form.

(d) The Counter-Party may deposit cash in an account designated by ERCOT with the understanding that ERCOT may draw part or all of the deposited cash to satisfy any overdue payments owed by the Counter-Party to ERCOT. The account may bear interest payable directly to the Counter-Party, but any such arrangements may not restrict ERCOT's immediate access to the cash. ERCOT has a security interest in all property delivered by the Counter-Party to ERCOT from time to time to meet the creditworthiness requirements, and that property secures all amounts owed by the Counter-Party to ERCOT.

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 TPE is the sum of its "Total Potential Exposure Any" (TPEA) and TPES:

(a) TPEA is the positive net exposure of the Counter-Party that may be satisfied by any forms of Financial Security defined under paragraphs (a) through (d) of Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements. TPEA will include all exposure not included in TPES.

(b) TPES is the positive net exposure of the Counter-Party that may be satisfied only by forms of Financial Security defined under paragraphs (b) through (d) of Section 16.11.3. The FCE that reflects the future mark-to-market value for CRRs registered in the name of the Counter-Party is included in TPES.

(2) For all Counter-Parties:

$$TPEA = Max [0, MCE, Max [0, (\sum_q EAL_q + CRRA * \sum_a EAL_a)]]$$

$$TPES = Max [0, (1 - CRRA) * \sum_a EAL_a] + Max [0, \sum_a FCE_a] + IA$$

The above variables are defined as follows:

Variable	Unit	Description
EAL_q	$	*Estimated Aggregate Liability for the QSE*—EAL for the QSE *q* represented by Counter-Party.
EAL_a	$	*Estimated Aggregate Liability for the CRR Account Holder*—EAL for the CRR Account Holder *a* represented by Counter-Party.
FCE_a	$	*Future Credit Exposure for the CRR Account Holder*—FCE for the CRR Account Holder *a* represented by Counter-Party.
MCE	$	*Minimum Collateral Exposure*—For each Counter-Party, ERCOT shall determine a Minimum Collateral Exposure (MCE) as follows: $MCE = Max[\{ \sum_{d=-11,-25} \sum_{i \in o} \sum_k [[[L_{o,i,d,k} * T2 - G_{o,i,d,k} * (1-NUCADJ_o) * T3] * RTSPP_{i,d,k} * SAF] + [RTQQNETES_{o,i,d,k} * T1]]/n\}, \{ \sum_{d=-11,-25} \sum_{i \in o} \sum_k [G_{o,i,d,k} * NUCADJ_o * T1 * RTSPP_{idk} * SAF]/n\}, \{ \sum_{d=-11,-25} \sum_{i \in o} \sum_k DARTNET_{o,i,d,k} * T4/n\}]$ $RTQQNETES_{o,i,d,k} = \sum_c Max [0, [[RTQQES_{o,i,d,k,c} * RTSPP_{i,d,k} * SAF] - [RTQQEP_{o,i,d,k,c} * RTSPP_{i,d,k} * SAF]]]$ $DARTNET_{o,i,d,k}$ = Absolute value of [DAM EOO Cleared $_{o,i,d,k}$ * DART $_{i,}$

Variable	Unit	Description
		$_{d, k}$ + DAM TPO Cleared $_{o, i, d, k}$ * DART $_{i, d, k}$ + DAM PTP Cleared $_{o, i, d, k}$ * DARTPTP $_{i, d, k}$ – DAM EOB Cleared $_{o, i, d, k}$ * DART $_{i, d, k}$]
		Where:
		G $_{o, i, d, k}$ = *Total Metered Generation at all Resource Nodes* for Counter-Party *o* for interval *i* for calendar day *d* at Settlement Point *k*
		L $_{o, i, d, k}$ = *Total Adjusted Metered Load (AML) at all Load Zones* for Counter-Party *o* for interval *i* for calendar day *d* at Settlement Point *k*
		SAF = *Seasonal Adjustment Factor*—Used to provide for the potential for Seasonal price increases based on historical trends. ERCOT shall initially set this factor equal to 100%. This factor will not go below 100%. ERCOT will provide Notice to Market Participants of any change at least 14 days prior to effective date along with the analysis supporting the change.
		NUCADJ $_{o}$ = *Net Unit Contingent Adjustment*—A minimum value of 20% to allow for situations where a generator may unintentionally or intentionally meet its requirement from the Real-Time Market (RTM).
		RTQQNETES $_{o, i, d, k}$ = *Net QSE-to-QSE Energy Sales* for Counter-Party *o* for interval *i* for calendar day *d*
		RTQQES $_{o, i, d, k, c}$ = *QSE Energy Trades* for which the Counter-Party *o* is the seller for interval *i* for day *d* at Settlement Point *k* with Counter-Party *c*
		RTQQEP $_{o, i, d, k, c}$ = *QSE Energy Trades* for which the Counter-Party *o* is the buyer for interval *i* for calendar day *d* at Settlement Point *k* with Counter-Party *c*
		RTSPP $_{i, d, k}$ = *Real-Time Settlement Point Price* for interval *i* for calendar day *d* at Settlement Point *k*
		DARTNET $_{o, i, d, k}$ = *Net DAM activities* for Counter-Party *o* for interval *i* for calendar day *d*
		DART $_{i, d, k}$ = *Day Ahead - Real-Time Spread* for interval *i* for calendar day *d* at Settlement Point *k*
		DAM EOB Cleared $_{o, i, d, k}$ = Day Ahead Market Energy Only Bids Cleared for interval *i* for calendar day *d* at Settlement Point *k*
		DAM EOO Cleared $_{o, i, d, k}$ = Day Ahead Market Energy Only Offers Cleared f
		DAM TPO Cleared $_{o, i, d, k}$ = Day Ahead Market Three Part Offers Cleared for interval *i* for calendar day *d* at Settlement Point *k*
		DAM PTP Cleared $_{o, i, d, k}$ = Day Ahead Market Point-to-Point (PTP) Obligations Cleared for interval *i* for calendar day *d* at Settlement Point *k*
		DARTPTP $_{o, i, d, k}$ = *Day Ahead - Real-Time Spread* for value of PTP Obligation for interval *i* for calendar day *d* at Settlement Point *k*
		T1 = 2 days
		T2 = 5 days

Variable	Unit	Description
		T3 = 5 days T4 = 1 day c = Bilateral Counter-Party d = Calendar day i = Settlement Interval n = 14 days o = Counter-Party k = A Settlement Point M1 = 20 Multiplier for DALE and RTLE. Provides for forward risk based on historical activity. The multiplier will be recommended by the Technical Advisory Committee (TAC) and approved by the ERCOT Board. M2 = 10 Multiplier for URTA. Provides for unbilled historical activity based on historical activity. The multiplier will be recommended by TAC and approved by the ERCOT Board.
CRRA	$	*CRR Activity other than FCE*—CRR activity other than FCE – May have a value of "0" or "1." Flag to indicate whether CRR activity other than FCE will be included in TPES or TPEA. Initially set to "1" to include activity into TPEA. ERCOT, in its sole discretion, can reset to "0" if needed.
q	None.	QSE represented by Counter-Party.
a	None.	CRR Account Holder represented by Counter-Party.
IA	$	*Independent Amount*—The Independent Amount is the amount required to be posted as defined in Section 16.16.1, Counter-Party Criteria.

(3) If ERCOT, in its sole discretion, determines that the TPEA or the TPES for a Counter-Party calculated under paragraphs (1) or (2) above does not adequately match the financial risk created by that Counter-Party's activities under these Protocols, then ERCOT may set a different TPEA or TPES for that Counter-Party. ERCOT shall, to the extent practical, give to the Counter-Party the information used to determine that different TPEA or TPES. 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.

(4) ERCOT shall monitor and calculate each Counter-Party's TPEA and TPES daily.

16.11.4.2 Determination of Counter-Party Initial Estimated Liability

(1) For each Counter-Party, ERCOT shall determine an IEL for purposes of Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements, until ERCOT issues the first Invoice for the Counter-Party. After ERCOT issues the first Invoice, it shall calculate credit exposure based on the Counter-Party's EAL.

(2) For a Counter-Party that is a QSE representing only Load-Serving Entities (LSEs), ERCOT shall calculate the IEL using the following formula:

IEL = DEL * Max [0.2, RTEFL] * RTAEP * (M1 + M2)

The above variables are defined as follows:

Variable	Unit	Description
IEL	$	*Initial Estimated Liability*—The Counter-Party's.
DEL	MWh	*Daily Estimated Load*—The Counter-Party's estimated average daily Load as determined by ERCOT based on information provided by the Counter-Party.
RTEFL	none	*Real-Time Energy Factor for Load*—The ratio of the Counter-Party's estimated energy purchases in the RTM as determined by ERCOT based on information provided by the Counter-Party, to the Counter-Party's Daily Estimated Load.
RTAEP	$/MWh	*Real-Time Average Energy Price*—Average Settlement Point Price for the "ERCOT 345" as defined in Section 3.5.2.5, ERCOT Hub Average 345 kV Hub (ERCOT 345), based upon the previous seven days' average Real-Time Settlement Point Prices.

(3) For a Counter-Party that is a QSE representing only Resources, ERCOT shall calculate the IEL using the following formula:

IEL = DEG * Max [0.2, RTEFG] * RTAEP * (M1 + M2)

The above variables are defined as follows:

Variable	Unit	Description
IEL	$	*Initial Estimated Liability*—The Counter-Party's Initial Estimated Liability.
DEG	MWh	*Daily Estimated Generation*—The Counter-Party's estimated average daily generation as determined by ERCOT based on information provided by the Counter-Party.
RTEFG	none	*Real-Time Energy Factor for Generation*—The ratio of the Counter-Party's estimated energy sales in the RTM as determined by ERCOT based on information provided by the Counter-Party, to the Counter-Party's Daily Estimated Generation.
RTAEP	$/MWh	*Real-Time Average Energy Price*—Average Settlement Point Price for the "ERCOT 345" as defined in Section 3.5.2.5 based upon the previous seven days average Real-Time Settlement Point Prices.

(4) For a Counter-Party that is a QSE representing both LSE and Resources, ERCOT shall calculate the Counter-Party's IEL using the following formula:

IEL = DEL * Max [0.1, RTEFL] * RTAEP * (M1 + M2) + DEG * Max [0.1, RTEFG] * RTAEP * (M1 + M2)

The above variables are defined as follows:

Variable	Unit	Description
IEL	$	*Initial Estimated Liability*—The Counter-Party's Initial Estimated Liability.
DEL	MWh	*Daily Estimated Load*—The Counter-Party's estimated average daily Load as determined by ERCOT based on information provided by the Counter-Party.

DEG	MWh	*Daily Estimated Generation*—The Counter-Party's estimated average daily generation as determined by ERCOT based on information provided by the Counter-Party.
RTEFL	none	*Real-Time Energy Factor for Load*—The ratio of the Counter-Party's estimated energy purchases in the RTM as determined by ERCOT based on information provided by the Counter-Party, to the Counter-Party's Daily Estimated Load.
RTAEP	$/MWh	*Real-Time Average Energy Price*—Average Settlement Point Price for the "ERCOT 345" as defined in Section 3.5.2.5 based upon the previous seven days' average Real-Time Settlement Point Prices.
RTEFG	none	*Real-Time Energy Factor for Generation*—The ratio of the Counter-Party's estimated energy sales in the RTM as determined by ERCOT, based on information provided by the Counter-Party, to the Counter-Party's Daily Estimated Generation.

(5) For a Counter-Party that is only a CRR Account Holder and is not a QSE, the IEL is zero.

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 formulas below.

$$EAL_q = \text{Max}[(IEL_q \text{ during the first 40-day period} + DALE_q), (\text{Max}\{RTLE_q \text{ during the previous 40-day period}\} + DALE_q), (RTLF_q + DALE_q)] + \text{Max}[RTLCNS_q, \text{Max}\{URTA_q \text{ during the previous 40 day period}\}] + OUT_q + PUL_q$$

$$EAL_a = \text{Max}[\text{Max}\{RTLE_a \text{ during the previous 40-day period}\}, RTLF_a] + \text{Max}[RTLCNS_a, \text{Max}\{URTA_a \text{ during the previous 40 day period}\}] + OUT_a + PUL_a$$

ERCOT may adjust the number of days used in determining the highest RTLE and/or URTA, and/or to exclude specific Operating Days to calculate RTLE, URTA, OUT, or DALE.

The above variables are defined as follows:

Variable	Unit	Description
EAL_q	$	*Estimated Aggregate Liability for the QSE*—EAL for the QSE *q* represented by Counter-Party.
EAL_a	$	*Estimated Aggregate Liability for the CRR Account Holder*—EAL for the CRR Account Holder *a* represented by Counter-Party.
IEL_q	$	*Initial Estimated Liability for the QSE*—IEL (as defined in Section 16.11.4.2, Determination of Counter-Party Initial Estimated Liability) for the QSE *q* represented by the Counter-Party.
q		QSE represented by Counter-Party.
a		CRR Account Holder represented by Counter-Party.
RTLE	$	*Real Time Liability Extrapolated*—M1 multiplied by the sum of the net amount due from or to ERCOT by the Counter-Party in RTM Initial Statements generated in the 14 most recent calendar days divided by the number of Real-

Variable	Unit	Description
		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.
$URTA_q$	$	*Unbilled Real Time Amount*—M2 multiplied by the sum of the net amount due from or to ERCOT by the Counter-Party in RTM Initial 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.
RTL	$	*Real-Time Liability*—The estimated or settled amounts due from or to ERCOT due to activities in the Real-Time and Adjustment Period. 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.
RTLCNS	$	*Real Time Liability Completed and Not Settled*—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, multiplied by 110% if net due to ERCOT or multiplied by 90% if net due to Entity or the Counter-Party's estimate of RTL for the day.
RTLF	$	*Real Time Liability Forward*—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.
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 RTLE calculation (including resettlements and other known liabilities); and (c) estimated CRR Auction revenue available for distribution for operating days in the previous two month, 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*—M1 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 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's activity is excluded from this calculation.

16.11.4.4 *[RESERVED]*

16.11.4.5 Determination of the Counter-Party Future Credit Exposure

(1) ERCOT shall monitor and calculate the Counter-Party's FCE for all CRRs held by the Counter-Party as CRR Owner of record at ERCOT.

$$\mathbf{FCE_o = FCEOBL_o + FCEOPT_o + FCEFGR_o}$$

The above variables are defined as follows:

Variable	Unit	Description
FCE_o	$	*Future Credit Exposure*—FCE for all CRRs held by the Counter-Party as CRR Owner *o* of record at ERCOT.
$FCEOBL_o$	$	*Future Credit Exposure for PTP Obligations*—FCE for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT, for all Operating Days in the current operating month, Prompt Month, and all Forward Months.
$FCEOPT_o$	$	*Future Credit Exposure for PTP Options*—FCE for all PTP Options held by the Counter-Party as CRR Owner *o* of record at ERCOT, for all Operating Days remaining in the current operating month and Prompt Month.
$FCEFGR_o$	$	*Future Credit Exposure for FGRs*—FCE for all Flowgate Rights (FGRs) held by the Counter-Party as CRR Owner *o* of record at ERCOT, for all Operating Days remaining in the current operating month and Prompt Month.
o	none	A CRR Owner.

[NPRR484: Replace paragraph (1) above with the following upon system implementation:]

(1) ERCOT shall monitor and calculate the Counter-Party's FCE for all CRRs held by the Counter-Party as CRR Owner of record at ERCOT.

$$\mathbf{FCE_o = FCEOBL_o + FCEOPT_o + FCEFGR_o + DIEOBL_o + DIEOPT_o + DIEFGR_o}$$

The above variables are defined as follows:

Variable	Unit	Description
FCE_o	$	*Future Credit Exposure*—FCE for all CRRs held by the Counter-Party as CRR Owner *o* of record at ERCOT.
$FCEOBL_o$	$	*Future Credit Exposure for PTP Obligations*—FCE for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT, for all Operating Days in the current operating month, Prompt Month, and all Forward Months.
$DIEOBL_o$	$	*Deferred Invoice Exposure for PTP Obligations*—Estimated Invoice exposure for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Forward Months for which invoicing is deferred.
$FCEOPT_o$	$	*Future Credit Exposure for PTP Options*—FCE for all PTP Options held by the Counter-Party as CRR Owner *o* of record at ERCOT, for all Operating Days remaining in the current operating month and Prompt Month.

$DIEOPT_o$	$	*Deferred Invoice Exposure for PTP Options*—Estimated Invoice exposure for all PTP Options held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Forward Months for which invoicing is deferred.
$FCEFGR_o$	$	*Future Credit Exposure for FGRs*—FCE for all Flowgate Rights (FGRs) held by the Counter-Party as CRR Owner *o* of record at ERCOT, for all Operating Days remaining in the current operating month and Prompt Month.
$DIEFGR_o$	$	*Deferred Invoice Exposure for Flowgate Rights* — Estimated Invoice exposure for all FGRs held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Forward Months for which invoicing is deferred.
o	none	A CRR Owner.

(2) The Counter-Party's FCE for PTP Obligations (FCEOBL) held by the Counter-Party as CRR Owner of record at ERCOT are calculated as follows:

$$\mathbf{FCEOBL_o = \sum_m [(\sum_h \sum_{j,k} NAOBLMW_{m,h,(j,k),o}) * (-Min(0, PWA_{ci100,m,o}, PWACP_{m,o}))]}$$

The above variables are defined as follows:

Variable	Unit	Description
$FCEOBL_o$	$	*Future Credit Exposure for PTP Obligations*—FCE for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days in the current operating month, Prompt Month, and all Forward Months.
$NAOBLMW_{m,h,(j,k),o}$	MW	*Net Awarded PTP Obligations*—Net awarded PTP Obligations with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days in the current operating month, Prompt Month, and Forward Months.
$PWA_{ci100,m,o}$	$/MW per hour	*Portfolio Weighted Adder*—The portfolio weighted adder calculated as the 100th percentile of a volume weighted average rolling consecutive DAM settled price for each Counter-Party as CRR Owner *o* of record at ERCOT based on volumes owned for the month *m*, over a period that represents a month for each product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of January 1, 2011 to the current time, and the current time minus three years. If historical Day-Ahead Settlement Point Prices (DASPPs) are not available for a Settlement Point for one or more Operating Days, ERCOT will designate a proxy Settlement Point for this purpose, and the DASPPs of the proxy Settlement Point of corresponding Operating Days are used.
$PWACP_{m,o}$	$/MW per hour	*Portfolio Weighted Auction Clearing Price*—The portfolio weighted auction clearing price calculated as the volume weighted auction clearing price for each Counter-Party as CRR Owner *o* of record at ERCOT based on the most recent auction clearing price for the month *m* and volumes owned for the month *m*.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
m	none	An operating month.
h	none	An Operating Hour for all hours in the Delivery Month and all Forward Months.
o	none	A CRR Owner.
ci100	none	100th percentile confidence interval.

[NPRR484: Replace paragraph (2) above with the following upon system implementation:]

(2) The Counter-Party's FCE for PTP Obligations (FCEOBL) and Deferred Invoice Exposure for PTP Obligations (DIEOBL) held by the Counter-Party as CRR Owner of record at ERCOT are calculated as follows:

$$\mathbf{FCEOBL_{o} = \sum_{m} [(\sum_{h} \sum_{j,k} NAOBLMW_{m,h,(j,k),o}) * (-Min(0, PWA_{ci100,m,o}, PWACP_{m,o})) + SEAOBL_{m,o}]}$$

Where:

$$SEAOBL_{m,o} = \sum_{h} \sum_{j,k} [(FPOBLMW_{m,h,(j,k),o} - FSOBLMW_{m,h,(j,k),o}) * S_{m,h,(j,k)}]$$

$$DIEOBL_{o} = \sum_{m} \sum_{h} \sum_{j,k} [(FPOBLMW_{m,h,(j,k),o} * POBLACP_{m,h,(j,k),o}) - (FSOBLMW_{m,h,(j,k),o} * SOBLACP_{m,h,(j,k),o})]$$

The above variables are defined as follows:

Variable	Unit	Description
$FCEOBL_{o}$	$	*Future Credit Exposure for PTP Obligations*—FCE for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days in the current operating month, Prompt Month, and all Forward Months.
$DIEOBL_{o}$	$	*Deferred Invoice Exposure for PTP Obligations*—Estimated Invoice exposure for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Forward Months for which Invoice dues are deferred.
$SEAOBL_{m,o}$	$	*State-Change Exposure Adjustment for PTP Obligations*—Estimated exposure adjustment attributable to state change adder *S* for all PTP Obligations held by the Counter-Party as CRR Owner *o* of record at ERCOT for month *m*.
$FPOBLMW_{m,h,(j,k),o}$	MW	*Forward Purchased PTP Obligations*—Forward purchased PTP Obligations with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$POBLACP_{m,h,(j,k),o}$	$/MW per hour	*Purchased Auction Clearing Price*—The auction clearing price of purchased PTP Obligations with the source *j* and the sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$FSOBLMW_{m,h,(j,k),o}$	MW	*Forward Sold PTP Obligations*—Forward sold PTP Obligations with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$SOBLACP_{m,h,(j,k),o}$	$/MW per hour	*Sale Auction Clearing Price*—The auction clearing price of sold PTP Obligations with the source *j* and the sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$NAOBLMW_{m,h,(j,k),o}$	MW	*Net Awarded PTP Obligations*—Net awarded PTP Obligations with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days in the current operating month, Prompt Month, and Forward Months.

$PWA_{ci100, m, o}$	$/MW per hour	*Portfolio Weighted Adder*—The portfolio weighted adder calculated as the 100th percentile of a volume weighted average rolling consecutive DAM settled price for each Counter-Party as CRR Owner *o* of record at ERCOT based on volumes owned for the month *m*, over a period that represents a month for each product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of January 1, 2011 to the current time, and the current time minus three years. If historical Day-Ahead Settlement Point Prices (DASPPs) are not available for a Settlement Point for one or more Operating Days, ERCOT will designate a proxy Settlement Point for this purpose, and the DASPPs of the proxy Settlement Point of corresponding Operating Days are used. Specific historic DAM settled prices for source/sink pairings can be excluded from the calculation if deemed no longer relevant following TAC review and ERCOT Board approval.
$PWACP_{m, o}$	$/MW per hour	*Portfolio Weighted Auction Clearing Price*—The portfolio weighted auction clearing price calculated as the volume weighted auction clearing price for each Counter-Party as CRR Owner *o* of record at ERCOT based on the most recent auction clearing price for the month *m* and volumes owned for the month *m.*
$S_{m, h, (j, k)}$	$/MW per hour	*State Change Adder*—The state change adder with the source *j* and sink *k* for the hour *h,* and month *m* will be set at default of $0/MW per hour. A change to this value will be initiated by ERCOT to mitigate against unforeseen increases to potential credit exposure and will require TAC approval if in place for more than 60 days.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
m	none	An operating month.
h	none	An Operating Hour for all hours in the Delivery Month and all Forward Months.
o	none	A CRR Owner.
ci100	none	100th percentile confidence interval.

(3) The FCE for PTP Options (FCEOPT) held by the Counter-Party as CRR Owner of record at ERCOT are calculated as follows:

$$\mathbf{FCEOPT_{o} = -\sum_{m}\sum_{h}\sum_{j,k}[(NAOPTMW_{m,h,(j,k),o}) * Max(0, A_{ci99,ctou,(j,k)})]}$$

The above variables are defined as follows:

Variable	Unit	Description
$FCEOPT_{o}$	$	*Future Credit Exposure for PTP Options*—FCE for all PTP Options held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days remaining in the current operating month and Prompt Month.

$A_{ci99, ctou, (j, k)}$	$/MW per hour	*Path Specific DAM Based Adder*—Path specific DAM based adder calculated as 99th percentile of the average rolling consecutive DAM settled price for the CRR source *j* and sink *k* over a period that represents a month for each CRR Time Of Use (TOU) *ctou* product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of January 1, 2011 to the current time, and the current time minus three years. If historical DASPPs are not available for a Settlement Point for one or more Operating Days, ERCOT will designate a proxy Settlement Point for this purpose, and the DASPPs of the proxy Settlement Point of corresponding Operating Days are used.
$NAOPTMW_{m, h, (j, k), o}$	MW	*Net Awarded PTP Options*—Net awarded PTP Options with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT for remaining Operating Days in the current operating month, and Prompt Month.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
m	none	An operating month.
ctou	none	CRR Time Of Use block.
h	none	An Operating Hour in the Delivery Month or Forward Months.
o	none	A CRR Owner.
ci99	none	99th percentile confidence interval.

[NPRR484: Replace paragraph (3) above with the following upon system implementation:]

(3) The FCE for PTP Options (FCEOPT) and Deferred Invoice Exposure for PTP Options (DIEOPT) held by the Counter-Party as CRR Owner of record at ERCOT are calculated as follows:

$$\mathbf{FCEOPT_o = -\sum_m \sum_h \sum_{j,k} [(NAOPTMW_{m,h,(j,k),o}) * Max(0, A_{ci99,ctou,(j,k)})]}$$

$$\mathbf{DIEOPT_o = \sum_m \sum_h \sum_{j,k} [(FPOPTMW_{m,h,(j,k),o} * POPTACP_{m,h,(j,k),o}) - (FSOPTMW_{m,h,(j,k),o} * SOPTACP_{m,h,(j,k),o})]}$$

The above variables are defined as follows:

Variable	Unit	Description
$FCEOPT_o$	$	*Future Credit Exposure for PTP Options*—FCE for all PTP Options held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days remaining in the current operating month and Prompt Month.
$DIEOPT_o$	$	*Deferred Invoice Exposure for PTP Options*—Estimated Invoice exposure for all PTP Options held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Forward Months for which invoicing is deferred.

$A_{ci99, ctou, (j, k)}$	$/MW per hour	*Path Specific DAM Based Adder*—Path specific DAM based adder calculated as 99th percentile of the average rolling consecutive DAM settled price for the CRR source *j* and sink *k* over a period that represents a month for each CRR Time Of Use (TOU) *ctou* product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of January 1, 2011 to the current time, and the current time minus three years. If historical DASPPs are not available for a Settlement Point for one or more Operating Days, ERCOT will designate a proxy Settlement Point for this purpose, and the DASPPs of the proxy Settlement Point of corresponding Operating Days are used.
$FPOPTMW_{m, h, (j, k), o}$	MW	*Forward Purchased PTP Options*—Forward purchased PTP Options with the source *j* and sink *k* for the hour *h* and month *m*, owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$POPTACP_{m, h, (j, k), o}$	$/MW per hour	*Purchase Auction Clearing Price*—The auction clearing price of purchased PTP Options with the source *j* and the sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$FSOPTMW_{m, h, (j, k), o}$	MW	*Forward Sold PTP Options*—Forward sold PTP Options with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$SOPTACP_{m, h, (j, k), o}$	$/MW per hour	*Sale Auction Clearing Price*—The auction clearing price of sold PTP Options with the source *j* and the sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$NAOPTMW_{m, h, (j, k), o}$	MW	*Net Awarded PTP Options*—Net awarded PTP Options with the source *j* and sink *k* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT for remaining Operating Days in the current operating month, and Prompt Month.
j	none	A source Settlement Point.
k	none	A sink Settlement Point.
m	none	An operating month.
ctou	none	CRR Time Of Use block.
h	none	An Operating Hour in the Delivery Month or Forward Months.
o	none	A CRR Owner.
ci99	none	99th percentile confidence interval.

(4) The FCE for FGRs (FCEFGR) held by the Counter-Party as CRR Owner of record at ERCOT are calculated as follows:

$$\mathbf{FCEFGR_{o} = -\sum_{m}\sum_{h}\sum_{f}[(NAFGRMW_{m, h, f, o}) * Max(0, A_{ci99, ctou, f})]}$$

The above variables are defined as follows:

Variable	Unit	Description
$FCEFGR_{o}$	$	*Future Credit Exposure for FGRs*—FCE for all FGRs held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days remaining in the current operating month and Prompt Month.
$A_{ci99, ctou, f}$	$/MW	*Path Specific DAM Based Adder*—Path specific DAM based adder calculated as

Variable	Unit	Description
	per hour	99th percentile of the average rolling consecutive DAM settled price for the CRR flowgate *f* over a period that represents a month for each CRR Time of Use *ctou* product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of January 1, 2011 to the current time, and the current time minus three years. If historical DASPPs are not available for a flowgate for one or more Operating Days, ERCOT will designate a proxy flowgate for this purpose, and the DASPPs of the proxy flowgate of corresponding Operating Days are used.
$NAFGRMW_{m, h, f, o}$	MW	*Net Awarded Flowgate Rights*—Net awarded FGRs with the flowgate *f* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT for remaining Operating Days in the current operating month, and Prompt Month.
f	none	A flowgate.
m	none	An operating month.
ctou	none	CRR Time Of Use block.
h	none	An Operating Hour in the Delivery Month or Forward Months.
o	none	A CRR Owner.
ci99	none	99th percentile confidence interval.

[NPRR484: Replace paragraph (4) above with the following upon system implementation:]

(4) The FCE for FGRs (FCEFGR) and Deferred Invoice Exposure for FGRs (DIEFGR) held by the Counter-Party as CRR Owner of record at ERCOT are calculated as follows:

$$\mathbf{FCEFGR_{o} = -\sum_{m}\sum_{h}\sum_{f}[(NAFGRMW_{m, h, f, o}) * Max(0, A_{ci99, ctou, f})]}$$

$$\mathbf{DIEFGR_{o} = \sum_{m}\sum_{h}\sum_{f}[(FPFGRMW_{m, h, f, o} * PFGRACP_{m, h, f, o}) - (FSFGRMW_{m, h, f, o} * SFGRACP_{m, h, f, o})]}$$

The above variables are defined as follows:

Variable	Unit	Description
$FCEFGR_{o}$	$	*Future Credit Exposure for FGRs*—FCE for all FGRs held by the Counter-Party as CRR Owner *o* of record at ERCOT for all Operating Days remaining in the current operating month and Prompt Month.
$DIEFGR_{o}$	$	*Deferred Invoice Exposure for FGRs*—Estimated Invoice exposure for all FGRs held by Counter-Party as CRR Owner *o* of record at ERCOT for all Forward Months for which invoicing is deferred.
$A_{ci99, ctou, f}$	$/MW per hour	*Path Specific DAM Based Adder*—Path specific DAM based adder calculated as 99th percentile of the average rolling consecutive DAM settled price for the CRR flowgate *f* over a period that represents a month for each CRR Time of Use *ctou* product type (18 days for 5*16, 8 days for 2*16, 28 days for 7*8). The look-back period for DAM settled prices shall be the lesser of January 1, 2011 to the current time, and the current time minus three years. If historical DASPPs are not available for a flowgate for one or more Operating Days, ERCOT will designate a proxy flowgate for this purpose, and the DASPPs of the proxy flowgate of corresponding Operating Days are used.

$FPFGRMW_{m, h, f, o}$	MW	*Forward Purchased FGRs*—Forward purchased FGRs with the flowgate *f* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$PFGRACP_{m, h, f, o}$	$/MW per hour	*Purchase Auction Clearing Price*—The auction clearing price of purchased PTP FGRs with the flowgate *f* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$FSFGRMW_{m, h, f, o}$	MW	*Forward Sold FGRs*—Forward sold FGRs with the flowgate *f* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$SFGRACP_{m, h, f, o}$	$/MW per hour	*Sale Auction Clearing Price*—The auction clearing price of awarded offer PTP FGRs with the flowgate *f* for the hour *h,* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT in the Forward Months.
$NAFGRMW_{m, h, f, o}$	MW	*Net Awarded Flowgate Rights*—Net awarded FGRs with the flowgate *f* for the hour *h* and month *m* owned by the Counter-Party as CRR Owner *o* of record at ERCOT for remaining Operating Days in the current operating month, and Prompt Month.
f	none	A flowgate.
m	none	An operating month.
ctou	none	CRR Time Of Use block.
h	none	An Operating Hour in the Delivery Month or Forward Months.
o	none	A CRR Owner.
ci99	none	99th percentile confidence interval.

16.11.4.6 Determination of Counter-Party Available Credit Limits

ERCOT shall calculate an Available Credit Limit for the CRR Auction (ACLC) and an Available Credit Limit for the DAM (ACLD) as follows:

(a) ACLC for each Counter-Party equal to the maximum of zero and the net of its:

(i) Secured Financial Security; minus

(ii) TPES; minus

(iii) Net Positive Exposure of approved CRR Bilateral Trades; minus

(iv) Maximum of:

(A) Zero; and

(B) TPEA minus the Unsecured Credit Limit minus Financial Security defined as guarantees in paragraph (a) of Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements.

(b) ACLD for each Counter-Party equal to the maximum of zero and the net of its:

(i) Unsecured Credit Limit; plus

(ii) Financial Security defined as guarantees in paragraph (a) of Section 16.11.3; plus

(iii) Remainder Collateral; minus

(iv) TPEA.

(c) If all or part of a Counter-Party's ACLC and/or ACLD cannot be computed due to an ERCOT computer system failure, then ERCOT shall estimate ACLC and/or ACLD for that Counter-Party and provide the information used to determine such estimates to that Counter-Party. If all or part of ACLC and/or ACLD cannot be estimated with current data, then the most recently available values shall be used to determine the Counter-Party's ACLC and/or ACLD. ERCOT shall provide electronic Notice, as soon as practicable, to Counter-Parties when utilizing this methodology, and shall further provide electronic Notice to Counter-Parties when current data is restored and available to calculate ACLC and ACLD under paragraphs (a) and (b) above.

16.11.4.6.1 Credit Requirements for CRR Auction Participation

(1) Each Counter-Party participating in any CRR Auction, including those as permitted by Sections 16.11.6.1.4, Repossession of CRRs by ERCOT, and 16.11.6.1.5, Declaration of Forfeit of CRRs, shall communicate to ERCOT the credit limit it would like to establish for the CRR Auction no later than three Business Days prior to the close of the CRR bid submission window.

(2) ERCOT shall assign the credit limit for each Counter-Party participating in any CRR Auction as the lower of 90% of ACLC or the Counter-Party's requested credit limit no later than two Business Days prior to the close of the CRR bid submission window. ERCOT, in its sole discretion, may increase the credit limit(s) until the close of the CRR bid submission window.

(3) ERCOT shall impose a credit limit in awarding bids and offers in the CRR Auction as described in Section 7.5.5.3, Auction Process.

16.11.4.6.2 Credit Requirements for DAM Participation

(1) ERCOT shall impose a credit limit on each Counter-Party participating in the DAM as 90% of the ACLD.

(2) ERCOT shall impose the credit limit for DAM participation calculated in paragraph (1) above on the Counter-Party's QSEs and all Subordinate QSEs combined participation in the DAM as described in Section 4.4.10, Credit Requirement for DAM Bids and Offers.

(3) A new credit limit will be sent to each Counter-Party participating in the DAM daily.

[NPRR439: Replace paragraph (3) above with the following upon system implementation:]

(3) A new credit limit will be set daily no later than 2350 for the next day's DAM for each Counter-Party participating in the DAM. On Business Days, the credit limit will include all Financial Security received and approved by ERCOT no later than 1200 that day.

[NPRR439: Insert paragraph (4) below upon system implementation:]

(4) At ERCOT's sole discretion, an existing credit limit may be updated no later than 0945 for the current day DAM for:

(a) Any cash Financial Security received by ERCOT no later than 0830 of the current day DAM if it:

(i) Was received in the bank account ERCOT designated for Financial Security as posted on the MIS Secure Area; and

(ii) Identifies the Counter-Party and Data Universal Numbering System (DUNS) Number in the remarks section of the wire transfer.

(b) All Financial Security (other than cash) received and approved by ERCOT the prior Business Day that has not been previously included in the credit limit.

(c) All Financial Security (other than cash) received and approved by ERCOT the prior non-Business Day that has not been previously included in the credit limit when the following conditions are met:

(i) Counter-Party provides ERCOT with Notice on a Business Day of its intent to post Financial Security on a non-Business Day;

(ii) ERCOT acknowledges on a Business Day the Counter-Party's intent to post Financial Security on a non-Business Day;

(iii) A copy of the Financial Security document has been received by ERCOT by e-mail prior to 1200 on a non-Business Day; and

(iv) An original Financial Security document has been received at ERCOT prior to 1200 on a non-Business Day.

(d) If ERCOT updates an existing credit limit, then ERCOT shall notify one of the Counter-Party's QSEs of the updated credit limit no later than 0945 for the current day DAM.

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 (f), (g), and (h) 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), and (h) 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) Future Credit Exposure for CRR PTP Obligations (FCEOBL) Summary Report;

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

(h) 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.

16.11.5 Monitoring of a Counter-Party's Creditworthiness and Credit Exposure by ERCOT

(1) ERCOT shall monitor the creditworthiness and credit exposure of each Counter-Party or its guarantor, if any. To enable ERCOT to monitor creditworthiness, each Counter-Party shall provide to ERCOT:

(a) Its own or its guarantor's quarterly (semi-annually, if the guarantor is foreign and rated by a rating agency acceptable to ERCOT) unaudited financial statements not later than 60 days (90 days if the guarantor is foreign and rated by a rating agency acceptable to ERCOT) after the close of each of the issuer's fiscal quarters; if an issuer's financial statements are publicly available electronically and the issuer provides to ERCOT sufficient information to access those financial statements, then the issuer is considered to have met this requirement.

(b) Its own or its guarantor's annual audited financial statements not later than 120 days after the close of each of the issuer's fiscal year; if an issuer's financial statements are publicly available electronically and the issuer provides to ERCOT sufficient information to access those financial statements, then the issuer is considered to have met this requirement. ERCOT may extend the period for providing interim unaudited or annual audited statements on a case-by-case basis.

(c) For paragraphs (a) and (b) above, financial statements shall include the Counter-Party's or its guarantor's:

(i) Statement of Financial Position (balance sheet) as of the applicable quarterly or annual ending date;

(ii) Statement of Income (or Profit and Loss); and

(iii) Statement of Cash Flows.

(d) Notice of a material change. A Counter-Party that has been granted an Unsecured Credit Limit pursuant to Section 16.11.2, Requirements for Setting a Counter-Party's Unsecured Credit Limit, shall inform ERCOT within one Business Day if it has experienced a material change in its operations, financial condition or prospects that might adversely affect the Counter-Party and require a revision to its Unsecured Credit Limit. ERCOT may require the Counter-Party to meet one of the credit requirements of Section 16.11.3, Alternative Means of Satisfying ERCOT Creditworthiness Requirements.

(2) A Counter-Party is responsible at all times for maintaining:

(a) Secured Collateral in an amount equal to or greater than that Counter-Party's

(i) TPES; plus

(ii) Net Positive Exposure of approved CRR Bilateral Trades; plus

(iii) ACL locked for CRR Auction, if any; and

(b) Remainder Collateral plus Financial Security defined as guarantees in paragraph (a) of Section 16.11.3 in an amount equal to or greater than that Counter-Party's

(i) TPEA; minus

(ii) Unsecured Credit Limit.

(3) ERCOT shall promptly notify each Counter-Party of the need to increase its Financial Security, including whether Secured Collateral must be provided, and allow the Counter-Party time, as defined in paragraph (6)(a) below, to provide additional Financial Security to maintain compliance with this Section.

(4) When either the Counter-Party's TPEA or TPES as defined in Section 16.11.4, Determination and Monitoring of Counter-Party Credit Exposure, reaches 90% of its requirement, ERCOT shall use reasonable efforts to electronically issue a warning to the Counter-Party's Authorized Representative and credit contact advising the Counter-Party that it should consider increasing its Financial Security. However, failure to issue that warning does not prevent ERCOT from exercising any of its other rights under this Section.

(5) ERCOT may suspend a Counter-Party when:

(a) That Counter-Party's TPES as defined in Section 16.11.4, equals or exceeds 100% of its Secured Collateral; or

(b) That Counter-Party's TPEA as defined in Section 16.11.4 equals or exceeds 100% of the sum of its Unsecured Credit Limit and its Remainder Collateral.

The Counter-Party is responsible at all times for managing its activity within both its TPEA and its TPES or increasing its Financial Security to avoid reaching its limits. Any failure by ERCOT to send a Notice as set forth in this Section does not relieve the Counter-Party from the obligation to maintain appropriate Financial Security in amounts equal to or greater than that Counter-Party's TPES and TPEA as defined in Section 16.11.4.

(6) To the extent that a Counter-Party fails to maintain Secured Collateral in amounts equal to or greater than its TPES or Remainder Collateral in amounts equal to or greater than its TPEA, each as defined in Section 16.11.4:

(a) ERCOT shall promptly notify the Counter-Party of the amount by which its Financial Security must be increased, including whether Secured Collateral must be provided and allow it:

(i) Until 1500 on the second Bank Business Day from the date on which ERCOT delivered the Notice to increase its Financial Security if ERCOT delivered its Notice before 1500; or

(ii) Until 1700 on the second Bank Business Day from the date on which ERCOT delivered Notification to increase its Financial Security if ERCOT delivered its Notice after 1500 but prior to 1700.

ERCOT shall notify the QSE's Authorized Representative(s) and Credit Contact if it has not received the required security by 1530 on the Bank Business Day on which the security was due; however, failure to notify the Counter-Party's representatives or contact that the required security was not received does not prevent ERCOT from exercising any of its other rights under this Section.

(b) At the same time ERCOT notifies the Counter-Party that is the QSE, ERCOT may notify each LSE and Resource represented by the Counter-Party that the LSE or Resource may be required to designate a new QSE if its current QSE fails to increase its Financial Security.

(c) ERCOT is not required to make any payment to that Counter-Party unless and until the Counter-Party increases its Financial Security, including any Secured Collateral required. The payments that ERCOT will not make to a Counter-Party include Invoice receipts, CRR revenues, CRR credits, reimbursements for short payments, and any other reimbursements or credits under any other agreement between the Market Participant and ERCOT. ERCOT may retain all such amounts until the Counter-Party has fully discharged all payment obligations owed to ERCOT under the Counter-Party Agreement, other agreements, and these Protocols.

(d) ERCOT may reject any bids or offers in a CRR Auction from the Counter-Party until it has increased its Financial Security, including any Secured Collateral required. ERCOT may reject any bids or offers from the Counter-Party in the DAM until it has increased its Financial Security.

(7) If a Counter-Party increases its Financial Security as required by ERCOT by the deadline in paragraph (6)(a) above, then ERCOT may notify each LSE and Resource represented by the Counter-Party.

(8) If a Counter-Party increases its Financial Security as required by ERCOT by the deadline in paragraph (6)(a) above, then ERCOT shall release any payments held.

16.11.6 Payment Breach and Late Payments by Market Participants

(1) It is the sole responsibility of each Market Participant to ensure that the full amounts due to ERCOT, or its designee, if applicable, by that Market Participant, is paid to ERCOT by close of the Bank Business Day on which it is due.

(2) If a Market Participant receives separate Invoices for Subordinate QSE or various CRR Account Holder activity, netting by the Market Participant of the amounts due to ERCOT with amounts due to the Market Participant among those Invoices for payment purposes is not permitted. The amounts due to ERCOT on the separate Invoices for each Market

Participant must be paid by the close of the Bank Business Day on which it is due. If a Market Participant does not pay the full amount due to ERCOT for all such Invoices by the required time, ERCOT shall deduct any and all amounts due and unpaid from any amounts due to the same Market Participant before allocating short payments to other Market Participants.

(3) The failure of a Market Participant to pay when due any payment or Financial Security obligation owed to ERCOT or its designee, if applicable, under any agreement with ERCOT, is an event of "Payment Breach." Any Payment Breach by a Market Participant under any agreement with ERCOT is a default under all other agreements between ERCOT and the Market Participant. Upon a Payment Breach, ERCOT shall immediately attempt to contact an Authorized Representative and Credit Contact of the Market Participant telephonically and shall send appropriate written notices, as described below, and demand payment of the past due amount.

(4) Upon a Payment Breach, ERCOT may impose the below-listed remedies for Payment Breach ("Default Breach"), as set forth in Section 16.11.6.1, ERCOT's Remedies , in addition to any other rights or remedies ERCOT has under any agreement, these Protocols or at common law. If a Market Participant makes a payment or a partial payment as allowed by these Protocols or a collateral call to ERCOT after the due date and time, that payment is a "Late Payment," regardless of the reason it was late. If ERCOT receives, within two Bank Business Days after the due date, a Late Payment that fully pays the Market Participant's payment obligation or Financial Security obligation, ERCOT may waive the Payment Breach, except for ERCOT's remedies in Section 16.11.6.2, ERCOT's Remedies for Late Payments by a Market Participant. Even if ERCOT chooses to not immediately impose Default Remedies against a Market Participant because it has fully paid its obligation within two Bank Business Days, ERCOT shall track the number of Late Payments received from each Market Participant in each rolling 12-month period for purposes of imposing the Late Payment remedies set forth in Section 16.11.6.2.

16.11.6.1 ERCOT's Remedies

In addition to all other remedies that ERCOT has under any agreement, common law or these Protocols, for Payment Breaches or other defaults by a Market Participant, ERCOT has the following additional remedies.

16.11.6.1.1 No Payments by ERCOT to Market Participant

ERCOT is not required to make any payment to a Market Participant unless and until the Market Participant cures the Payment Breach by paying the past due amount in full, including amounts due under Section 16.11.6.1.3, Aggregate Amount Owed by Breaching Market Participant Immediately Due. The payments that ERCOT will not make include Invoice receipts, CRR Auction revenues, CRR credits, reimbursements for short payments and any other reimbursements or credits under any and all other agreements between ERCOT and the Market Participant. ERCOT shall retain all such amounts until the Market Participant has fully paid all

amounts owed to ERCOT under any agreements and these Protocols. If the Market Participant should fail to pay the full amount due within the cure period, ERCOT may apply all funds it withheld toward the payment of the delinquent amount(s).

16.11.6.1.2 ERCOT May Draw On, Hold or Distribute Funds

Upon a Payment Default, ERCOT, at its option, without notice to the Market Participant and in its sole discretion, may immediately, or at any time before the Market Participant pays the past due amount in full, including amounts due under Section 16.11.6.1.3, Aggregate Amount Owed by Breaching Market Participant Immediately Due, draw on, hold or distribute to other Market Participants any Financial Security or other funds of the Market Participant in ERCOT's possession. If the funds drawn exceed the amount applied to any Payment Breach, then ERCOT may hold those funds as Financial Security.

16.11.6.1.3 Aggregate Amount Owed by Breaching Market Participant Immediately Due

ERCOT shall aggregate all amounts due it by the Market Participant under any agreement with ERCOT and these Protocols into a single amount to the fullest extent allowed by law. The entire unpaid net balance owed to ERCOT by the Market Participant, at ERCOT's option, and its sole discretion, is immediately due and payable without further notice and demand for payment. Any such notice and demand for payment are expressly waived by the Market Participant.

16.11.6.1.4 Repossession of CRRs by ERCOT

ERCOT, at its sole discretion, may repossess CRRs held by a Market Participant with an uncured Payment Breach. ERCOT shall effect that repossession by sending a written notice to the Market Participant of the repossession and by removing the CRRs from the Market Participant's CRR account. ERCOT shall offer all of those repossessed CRRs, with each repossessed CRR in its existing configuration, in a one-time auction to Market Participants (other than the Market Participant(s) in Payment Breach) for sale to the highest bidder. ERCOT shall offset net revenues from that sale against amounts owed to ERCOT by the Market Participant. If ERCOT receives no bids for a CRR in that auction, ERCOT shall void the CRR and may not model it in all future DAMs and CCR Auctions.

16.11.6.1.5 Declaration of Forfeit of CRRs

(1) At ERCOT's sole discretion, if it does not receive full payment on the due date of a CRR Auction Invoice, may declare any of the CRR bids cleared and Pre-Assigned Congestion Revenue Rights (PCRRs) allocated to the Market Participant forfeited. ERCOT shall effect that forfeiture by sending a written notice to the Market Participant of the forfeiture and of not delivering the CRRs or PCRRs to the Market Participant's CRR account. ERCOT shall offer all forfeited CRRs, with each forfeited CRR in its existing configuration, in a one-time auction to Market Participants (other than the Market Participant(s) in Payment Breach) for sale to the highest bidder or ERCOT shall make the

related capacity available in subsequent CRR Auctions. Revenue from that sale shall be considered as CRR Auction revenue and distributed to QSEs based on Load Ratio Share as specified in Section 7.5.7, Method for Distributing CRR Auction Revenues.

(2) ERCOT may also, at its sole discretion, honor any of the offers from Market Participants that were cleared in the CRR Auction by removing the CRRs from the Market Participant's CRR account. ERCOT shall offset net revenues due to the Market Participant from CRRs offered and cleared against amounts owed to ERCOT by the Market Participant.

16.11.6.1.6 Revocation of a Market Participant's Rights and Termination of Agreements

(1) ERCOT may revoke a breaching Market Participant's rights to conduct activities under these Protocols. ERCOT may also terminate the breaching Market Participant's agreements with ERCOT.

(2) If ERCOT revokes a Market Participant's rights or terminates the Market Participant's agreements, then the provisions of Section 16.2.5, Suspended Qualified Scheduling Entity – Notification to LSEs and Resource Entities Represented, and Section 16.2.6.1, Designation as an Emergency Qualified Scheduling Entity or Virtual Qualified Scheduling Entity, apply.

(3) If a breaching Market Participant is also an LSE (whether or not the default occurred pursuant to the Market Participant's activities as an LSE), then:

(a) Within 24 hours of receiving notice of the Payment Breach, the Market Participant shall provide to ERCOT all the information regarding its Electric Service Identifiers (ESI IDs) set forth in the ERCOT Retail Market Guide; and

(b) On revocation of some or all of the Market Participant's rights or termination of the Market Participant's agreements and on notice to the Market Participant and the Public Utility Commission of Texas (PUCT), ERCOT shall initiate a mass transition of the Market Participant's ESI IDs pursuant to Section 15.1.3, Mass Transition, without the necessity of obtaining any order from or other action by the PUCT.

(4) After revocation of its rights or termination of its Agreement with ERCOT, the Market Participant will remain liable for all charges or costs associated with any continued activity related to the Counter-Party's relationship with ERCOT and any expenses arising from the consequences of such termination or revocation.

16.11.6.2 ERCOT's Remedies for Late Payments by a Market Participant

If a Market Participant makes any Late Payments, and even if ERCOT does not immediately implement the above-referenced remedies for any Payment Default by a Market Participant, the Market Participant is subject to the following actions.

16.11.6.2.1 First Late Payment in Any Rolling 12-Month Period

For the first Late Payment in any rolling 12-month period, ERCOT shall review the circumstances and reason for the Late Payment, and shall, at its sole discretion, determine whether it should take Level I Enforcement action against the Market Participant. ERCOT shall send written notice to the Market Participant's Authorized Representative and Credit Contact, advising the Market Participant whether or not ERCOT is taking Level I Enforcement action, and advising the Market Participant of the action required under Level I Enforcement, if applicable.

16.11.6.2.2 Second Late Payment in Any Rolling 12-Month Period

For the second Late Payment in any rolling 12-month period, ERCOT shall review the circumstances and reason for the Late Payment, and shall take action as follows:

(a) If ERCOT did not take Level I Enforcement action in the case of the first Late Payment, ERCOT shall take Level I Enforcement action related to this Late Payment.

(b) If ERCOT did take Level I Enforcement action in the case of the first Late Payment, ERCOT shall take Level II Enforcement action related to this Late Payment.

(c) ERCOT shall send written notice to the Market Participant's Authorized Representative and Credit Contact, advising the Market Participant of the action required under Level I or Level II Enforcement.

16.11.6.2.3 Third Late Payment in Any Rolling 12-Month Period

For the third Late Payment in any rolling 12-month period, ERCOT shall review the circumstances and reason for the Late Payment, and shall take action as follows:

(a) If ERCOT did not take Level II Enforcement action in the case of the second Late Payment, ERCOT shall take Level II Enforcement action related to this Late Payment.

(b) If ERCOT did take Level II Enforcement action in the case of the second Late Payment, ERCOT shall take Level III Enforcement action related to this Late Payment.

(c) ERCOT shall send written notice to the Market Participant's Authorized Representative and Credit Contact advising the Market Participant of the action required under Level II or Level III Enforcement.

16.11.6.2.4 Fourth and All Subsequent Late Payments in Any Rolling 12-Month Period

For the fourth and all subsequent Late Payments in any rolling 12-month period:

(a) ERCOT shall take Level III Enforcement action related to the Late Payment.

(b) ERCOT shall send written notice to the Market Participant's Authorized Representative and Credit Contact advising the Market Participant of the action required under Level III Enforcement.

16.11.6.2.5 Level I Enforcement

Under Level I Enforcement, ERCOT shall notify the Market Participant to comply with one of the following requirements; whichever is appropriate in ERCOT's sole discretion:

(a) If the Market Participant has not provided Financial Security, the Market Participant shall now provide Financial Security, within two Bank Business Days, in an amount at or above 110% of the amount of the Market Participant's TPE less the Unsecured Credit Limit; or any other liability to ERCOT that the Market Participant has or is expected to have for activity in the ERCOT Region, whichever applies.

(b) If the Market Participant has already provided Financial Security, the Market Participant shall increase its Financial Security, within two Bank Business Days, to an amount at or above 110% of its TPE less the Unsecured Credit Limit or any other liability to ERCOT that the Market Participant has or is expected to have for activity in the ERCOT Region, whichever applies.

Increased Financial Security requirements under this Section remain in effect for a minimum of 60 days and remain in effect thereafter until ERCOT, at its sole discretion, determines to reduce such Financial Security requirements to the normally applicable levels.

16.11.6.2.6 Level II Enforcement

Under Level II Enforcement, ERCOT shall notify the Market Participant to comply with the following requirements and may meet with the Market Participant's Authorized Representative and Credit Contact to discuss the Late Payment occurrences:

(a) Under Level II Enforcement, the Market Participant shall provide Financial Security, within two Bank Business days, in the form of a cash deposit or letter of credit, as chosen by ERCOT at its sole discretion, at 110% of the Market Participant's TPE less the Unsecured Credit Limit or for any other liability to ERCOT that the Market Participant has or is expected to have for activity in the ERCOT Region.

(b) Increased Financial Security requirements under this Section remain in effect for a minimum of 60 days and remain in effect thereafter until ERCOT, at its sole discretion, determines to reduce such Financial Security requirements to the normally applicable levels.

16.11.6.2.7 Level III Enforcement

ERCOT shall make reasonable efforts to meet with a Market Participant's Authorized Representative and Credit Contact to discuss the Late Payment occurrences. ERCOT shall take one or more of the following actions:

(a) Advise the Authorized Representative and Credit Contact that a subsequent Late Payment in the rolling 12-month period could result in termination of the Market Participant's right to act as a Market Participant in the ERCOT Region; or

(b) Take action under Section 16.11.6.1.6, Revocation of a Market Participant's Rights and Termination of Agreements.

16.11.7 Release of Market Participant's Financial Security Requirement

Following the termination of a Market Participant's Agreement, ERCOT shall, within 30 days after being satisfied, in its sole discretion, that no sums remain owing or will become due and payable by the Market Participant under these Protocols or any agreement between the Market Participant and ERCOT, return or release to the Market Participant, as appropriate, any Financial Security still held by ERCOT that the Market Participant provided to ERCOT under this Section.

16.11.8 Acceleration

Upon termination of a Market Participant's rights as a Market Participant and any other agreement(s) between ERCOT and the Market Participant, all sums owed to ERCOT are immediately accelerated and are immediately due and owing in full. At that time, ERCOT may immediately draw upon the Market Participant's Financial Security and shall use those funds to offset or recoup all amounts due to ERCOT.

16.12 User Security Administrator and Digital Certificates

Each Market Participant is allowed access to ERCOT's computer systems through the use of Digital Certificates upon execution of the Standard Form Market Participant Agreement (as provided for in Section 22, Attachment A, Standard Form Market Participant Agreement), completion of applicable registration and qualification requirements. Digital Certificates expire after one year. A User Security Administrator (USA) is responsible for managing the Market Participant's access to ERCOT's computer systems through Digital Certificates. Each Market Participant must, as part of the application for registration with ERCOT, designate an individual employee or authorized agent as its USA, and optionally, a secondary USA. If a Market

Participant has designated a secondary USA, the secondary USA functions in the same manner as the primary USA. The Market Participant is responsible for revising its USA list as the need arises. The Market Participant's USA is also responsible for registering all Market Participant's Digital Certificate holders ("Certificate Holders") and administering the use of Digital Certificates on behalf of the Market Participant. Each Market Participant with more than one ERCOT functional registration must designate a USA for each registration (which may be the same employee or authorized agent) and shall manage each registration separately for the purposes of this Section. Once the Market Participant completes registration requirements, ERCOT shall send the USA a copy of the Digital Certificate user guide.

16.12.1 USA Responsibilities and Qualifications for Digital Certificate Holders

The USA and the Market Participant are responsible for the following:

(a) Requesting Digital Certificates for authorized potential Certificate Holders (either persons or programmatic interfaces) that the USA has qualified through an appropriate screening process requiring confirmation that the Certificate Holder is an employee or authorized agent (including third parties) of the Market Participant. A Certificate Holder (including the USA) must be qualified as set forth below. The Market Participant shall be liable for ensuring that each of its Certificate Holder(s) meets the requirements of (i) – (v) below.

(i) For any employee or authorized agent receiving a Digital Certificate, the Market Participant shall confirm that the employee or authorized agent satisfies reasonable background review sufficient for employment or contract with the Market Participant so as to reasonably limit threat(s) to ERCOT's market or computer systems. The Market Participant may not request that Digital Certificates be issued to any employee or authorized agent it determines, after reasonable background review, that the employee or authorized agent poses a threat to ERCOT's market or computer systems.

(ii) The potential Certificate Holder is aware of the rules and restrictions relating to the use of Digital Certificates.

(iii) The potential Certificate Holder is eligible to review and receive technology and software under applicable export control laws and regulations. ERCOT shall post links to relevant laws and regulations on the Market Information System (MIS) Public Area.

(iv) The Market Participant has conducted a reasonable review of the potential Certificate Holder and is not aware that the potential Certificate Holder is one of the persons on any U.S. terrorist watch list, the link to which is located on the MIS Public Area.

(v) The Certificate Holder does not violate the conditions of use specified by the software vendor that provides the Digital Certificates for the Market Participant's use and provided to the Certificate Holder.

(b) Requesting revocation of Digital Certificates under any of the following conditions:

(i) As soon as possible but no later than three Business Days after:

(A) A Certificate Holder ceases employment with the Market Participant; or

(B) The Market Participant becomes aware that a Certificate Holder is changing job functions (pursuant to a reasonable process for identifying when job function changes occur) so that the Certificate Holder no longer needs the Digital Certificate,

The Market Participant or USA shall request the revocation by proceeding with the ERCOT certificate revocation process.

(ii) As soon as possible, but no later than five Business Days, after the Market Participant becomes aware (pursuant to a reasonable process for identifying violations) that the Certificate Holder has violated any of the following conditions of use of a Digital Certificate, the Market Participant or USA shall request the revocation by proceeding with the ERCOT certificate revocation process. Violations of conditions of use include:

(A) Violating the requirements of paragraph (a) above; or

(B) Using the Digital Certificate for any unauthorized purpose; or

(C) Allowing any person other than the Certificate Holder to use the Digital Certificate.

(c) Managing the level of access for each Certificate Holder by assigning and maintaining Digital Certificate roles for each authorized user in accordance with the process set forth in ERCOT's Digital Certificate user guide.

(d) Requesting annual renewal of Digital Certificates.

(e) If needed, issuing Digital Certificates for use by electronic systems not limited to servers.

(f) Maintaining the integrity of the administration of Digital Certificates through consistent, sound and reasonable business practices.

16.12.2 Requirements for Use of Digital Certificates

Use of Digital Certificates must comply with the following:

(a) A Digital Certificate shall be used by only one individual and may not be shared. If multiple employees or authorized agents share a computer and each requires a Digital Certificate, the USA shall request separate Digital Certificates for each. Multiple Digital Certificates may be installed and managed on a single computer. ERCOT shall include instructions on how to manage multiple Digital Certificates in the Digital Certificate user guide.

(b) A Digital Certificate may not be traded or sold.

(c) Electronic equipment on which the Digital Certificate resides must be physically and electronically secured in a reasonable manner to prevent improper use of the Digital Certificate.

(d) The Market Participant is wholly responsible for any use of Digital Certificates issued by its USA.

16.12.3 Market Participant Audits of User Security Administrators and Digital Certificates

(1) During September of each year, each Market Participant shall generate a list of its registered USA and Certificate Holders. The Market Participant, through its USA or another authorized third party, shall perform an audit by reviewing the list and noting any inconsistencies or instances of non-compliance (including, for example, any Certificate Holder that may have changed job functions and no longer requires the Digital Certificate). If the Market Participant or its USA or the authorized third party identifies discrepancies, the USA shall use the process for managing Digital Certificates as included in ERCOT's Digital Certificate user guide to rectify the discrepancy. The audit must, at a minimum confirm that:

(a) The Market Participant and each listed USA and Certificate Holder meet the applicable requirements of paragraphs (a) and (b) of Section 16.12.1, USA Responsibilities and Qualifications for Digital Certificate Holders;

(b) Each listed USA and Certificate Holder is currently employed by or is an authorized agent contracted with the Market Participant;

(c) The Market Participant has verified that the listed USA is authorized to be the USA;

(d) Each Certificate Holder is authorized to retain and use the Digital Certificate; and

(e) Each listed Certificate Holder needs the Digital Certificate to perform his or her job functions.

(2) By October 1 of each year, a Market Participant shall submit to ERCOT an attestation from an officer or executive with authority to bind the Market Participant, certifying that:

(a) The Market Participant has complied with the requirements of the audit;

(b) The Market Participant has verified that all assigned Digital Certificates belong to Certificate Holders authorized by the Market Participant's USA. If the Certificate Holders no longer meet the criteria in paragraph (a) of Section 16.12.1, the USA shall inform ERCOT as described in paragraph (b) of Section 16.12.1 and note the findings in the response; and

(c) The USA and all Certificate Holders have been qualified through a reasonable screening process.

(3) If a Market Participant cannot comply with the October 1 deadline at the time this Section first applies to the Market Participant, the Market Participant shall request an extension of the deadline by providing ERCOT a written explanation of why it cannot meet the deadline. The explanation must include a plan and timeline for compliance not to exceed six months from the original deadline. ERCOT shall review that extension request and notify the Market Participant if the request is approved or denied. ERCOT may approve no more than one extension request per Market Participant.

(4) By December 1 of each year, ERCOT shall acknowledge receipt of each Market Participant audit received and indicate whether any required information is missing from the audit.

16.12.4 ERCOT Audit - Consequences of Non-compliance

(1) ERCOT, or its designee, shall review the audit results submitted under Section 16.12.3, Market Participant Audits of User Security Administration and Digital Certificates, and may audit the Market Participant for compliance with the provisions of this Section 16.12, User Security Administrator and Digital Certificates. The Market Participant shall cooperate fully with ERCOT in such audits.

(2) On or about December 15 of each year, ERCOT shall report to the PUCT all Market Participants failing to properly perform annual audits as described in Section 16.12.3 or non-compliance with Section 16.12.3.

(3) Subject to the requirements of item (4) below, ERCOT, after providing notice to the Market Participant and the PUCT, may disqualify the Market Participant's USA and/or revoke any or all Digital Certificates assigned by that USA, if:

(a) The Market Participant does not properly and timely perform the audit;

(b) ERCOT discovers non-compliance; or

(c) The Market Participant does not timely request revocation of its Digital Certificates for unauthorized Certificate Holders.

(4) ERCOT may not disqualify a Market Participant's USA or revoke a Market Participant's Digital Certificate(s) without first giving the Market Participant the following options:

(a) Opportunity to work with ERCOT to resolve issues in a manner agreeable to both parties;

(b) Opportunity to authorize a new USA and assign new Digital Certificates as necessary to prevent disruption of the Market Participant's business; and

(c) If the Market Participant is not willing or cannot designate a new USA or the violation is so egregious that ERCOT determines that it is inappropriate to issue new Digital Certificates, the opportunity to appeal ERCOT's decision to disqualify the Market Participant's USA and revoke its Digital Certificates to the PUCT.

16.13 Registration of Emergency Response Service Resources

An Emergency Response Service (ERS) Resource shall be deemed to have registered with ERCOT when its duly authorized Qualified Scheduling Entity (QSE) submits an offer on behalf of the Resource in accordance with Section 3.14.3.1, Emergency Response Service Procurement.

16.14 Termination of Access Privileges to Restricted Computer Systems and Control Systems

(1) All Market Participants and ERCOT are required to have processes in place to terminate access privileges, as soon as practicable, to Restricted Systems for any employee, consultant, or contractor, upon termination of employment or where access is no longer required.

(2) "Restricted Systems" include computer or control systems that are essential to the operation of Restricted Facilities.

(3) "Restricted Facilities" include Facilities and assets that support the reliable operation of the bulk ERCOT System (100 kV and above), such as but not limited to:

(a) Generation Resources;

(b) Transmission substations;

(c) Control/dispatch centers and backup control/dispatch centers related to items (a) and (b) above;

(d) Systems and Facilities critical to system restoration (including but not limited to Black Start generators and substations); and

(e) Systems and Facilities critical to automatic firm load shedding.

(4) Access privilege is defined to include computer and electronic access.

(5) Each Market Participant and ERCOT shall have internal controls in place to ensure these processes are reviewed at least on an annual basis.

(6) Each Market Participant and ERCOT are required to notify the compliance monitoring authority within two Business Days after the discovery of any incident where a terminated employee, contractor or employee of a contractor has accessed a Restricted System when access privileges have been or should have been revoked.

(7) Failure by a Market Participant or ERCOT to follow its processes that results in access to any Restricted Systems by any employee, consultant, contractor or affiliate after his or her termination will be considered a violation of these Protocols.

16.15 Registration of Independent Market Information System Registered Entity

(1) Each Entity intending to qualify to access ERCOT's Market Information System (MIS) Secure Area, independent of any other Market Participant role, shall register with ERCOT, including any applicable fees, designating Authorized Representatives, contacts, and a User Security Administrator (USA) (per the Application for Registration as an Independent Market Information System Registered Entity (IMRE)), and execute a Standard Form Market Participant Agreement (as provided in Section 22, Attachment A, Standard Form Market Participant Agreement) prior to receiving a USA Digital Certificate for setting access to ERCOT's MIS Secure Area.

(2) Continued status as an IMRE is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend an IMRE's rights as a Market Participant when ERCOT reasonably determines that it is an appropriate remedy for the Entity's failure to satisfy any applicable requirement.

16.16 Additional Counter-Party Qualification Requirements

16.16.1 Counter-Party Criteria

(1) In order to participate in the ERCOT Real-Time, Day-Ahead and Congestion Revenue Right (CRR) markets, in addition to satisfying any other eligibility requirements set forth in the ERCOT Protocols, each Counter-Party must satisfy, and at all times remain in compliance with, the following requirements:

(a) **Expertise in Markets**. All employees or agents transacting in ERCOT markets pursuant to the ERCOT Protocols have had appropriate training and/or experience and are qualified and authorized to transact on behalf of the Counter-Party.

(b) **Market Operational Capabilities**. Counter-Party has appropriate market operating procedures and technical abilities to promptly and effectively respond to all ERCOT market communications.

(c) **Allowable Contract Participants.** Each Counter-Party must be one of the following:

(i) An "Appropriate Person" as defined in sections 4(c)(3)(A) through (J) of the Commodity Exchange Act (7 U.S.C. § 6(c)(3)(A)-(J));

(ii) An "Eligible Contract Participant," as defined in section 1a(18)(A) of the Commodity Exchange Act (7 U.S.C. § 1a(18)(A)) and in Commodity Futures Trading Commission (CFTC) regulation 1.3(m) (17 C.F.R. § 1.3(m)); or

(iii) A "person who actively participates in the generation, transmission, or distribution of electric energy," as that term is defined in the CFTC's final exemption order (78 Fed. Reg. 19,879).

ERCOT may request necessary information to verify compliance with this requirement.

(d) **Capitalization**. Counter-Party, or an acceptable guarantor, shall maintain minimum capital as follows:

(i) For a Counter-Party seeking authorization to participate or participating in all ERCOT markets:

(A) $10 million in total assets; or

(B) $1 million in:

(1) Unencumbered assets for unrated Electric Cooperative (EC) and Municipal systems; or

(2) Tangible net worth for all other Entities, each as defined in the ERCOT Creditworthiness Standards.

(ii) For a Counter-Party seeking authorization to participate or participating in all ERCOT markets except for the CRR market:

(A) $5 million in total assets; or

(B) $500,000 in:

(1) Unencumbered assets for unrated EC and Municipal systems; or

(2) Tangible net worth for all other Entities, each as defined in the ERCOT Creditworthiness Standards.

(iii) To fulfill the capitalization requirements above, a Counter-Party must provide:

(A) Audited financial statements of the Counter-Party or its guarantor in accordance with Section 16.11, Financial Security for Counter-Parties; and

(B) If for a guarantor, a guarantee on one of the standard form documents approved by the ERCOT Board, for an amount no less than the minimum necessary to meet the capitalization requirements.

(iv) Regardless of whether the Counter-Party or an acceptable guarantor meets the capitalization criteria above, ERCOT may nevertheless require the Counter-Party to meet the capitalization criteria by posting an Independent Amount in the event that the Counter-Party or a guarantor has a material change that may adversely affect the Counter-Party's or an acceptable guarantor's financial condition in conjunction with or subsequent to the most recent audited annual or unaudited quarterly financial statements. The Counter-Party shall notify ERCOT within one day after a material adverse change has occurred. The final determination of a material adverse change is solely within ERCOT's discretion.

(v) In the event audited financial statements do not meet the capitalization requirements, or there has been a material adverse change in the financial condition of the Counter-Party or acceptable guarantor in conjunction with or subsequent to the most recent audited annual or unaudited quarterly financial statements, Counter-Party will provide an Independent Amount in the form and amount necessary to participate in the ERCOT markets as follows:

(A) For a Counter-Party seeking authorization to participate or participating in all ERCOT markets, $500,000 Independent Amount.

(B) For a Counter-Party seeking authorization to participate or participating in all ERCOT markets except for the CRR market, $200,000 Independent Amount.

(C) For purposes of assessment of the Independent Amount, ERCOT will deem a Counter-Party that is or is applying to be a CRR

Account Holder as having a desire to participate in all ERCOT markets.

(D) Financial Security posted pursuant to this section is fully available to ERCOT in the event of the Counter-Party's Payment Breach or Default.

(E) ERCOT shall add the Independent Amount to that Counter-Party's Total Potential Exposure Secured (TPES) pursuant to Section 16.11 and designate it as the Independent Amount. ERCOT will require Financial Security for the Independent Amount in the same way as it does for other TPES elements.

(F) Any non-payment of the Independent Amount is considered a Payment Breach pursuant to Section 16.11.6, Payment Breach and Late Payments by Market Participants. ERCOT may use any of the remedies provided in Section 16.11.6 to collect the Independent Amount for each Counter-Party.

(e) **Risk Management Capabilities**. Each Counter-Party shall maintain appropriate, comprehensive risk management capabilities with respect to the ERCOT markets in which the Counter-Party transacts or wishes to transact. ERCOT may review documentation supporting a Counter-Party's risk management framework as part of its processes for verifying the implementation of a Counter-Party's risk management framework as described in Section 16.16.3, Verification of Risk Management Framework.

16.16.2 Annual Certification

(1) Each Counter-Party must submit to ERCOT annually a notarized certificate, signed by an officer or executive with authority to bind the Counter-Party, in the form of Section 22, Attachment J, Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements, certifying that the Counter-Party is in compliance with each of the Counter-Party criteria and agrees to procedures for verification of its risk management framework as described in Section 16.16.3, Verification of Risk Management Framework.

(2) The certificate must be received by ERCOT no later than 120 days after the close of the fiscal year of the Counter-Party or its guarantor. ERCOT may extend the period for providing the certificate on a case-by-case basis.

(3) For new entry Counter-Parties, the certificate must be received by ERCOT prior to participation in any ERCOT markets.

(4) A Counter-Party shall notify ERCOT within one day if it has experienced a material adverse change that would make its most recent annual certificate inaccurate.

16.16.3 Verification of Risk Management Framework

(1) ERCOT will periodically perform or cause to be performed procedures to assess the risk management framework of Counter-Parties, including its implementation.

(2) ERCOT may retain a third party either to assess the sufficiency of the Counter-Party's risk management framework or to provide guidance and advice as to what constitutes appropriate content with respect to generally accepted risk management practices in their respective markets, commensurate and proportional in sophistication, scope and frequency to the volume of transactions and the nature and extent of risk taken by the Counter-Party.

(3) ERCOT shall, identify the nature and scope of generally accepted risk management practices in their respective markets by which Counter-Party risk management frameworks will be assessed. Key elements will include:

(a) The risk management framework is documented in a risk policy addressing market and credit risks that has been approved by a Counter-Party's risk management function which includes appropriate corporate persons or bodies that are independent of the Counter-Party's trading functions, such as a risk management committee, a designated risk officer, participant Counter-Party's board or board committee, or, if applicable, a board or committee of the Counter-Party's parent company.

(b) A Counter-Party maintains an organizational structure with clearly defined roles and responsibilities that clearly segregate trading and risk control functions.

(c) There is clarity of authority specifying the transactions into which traders are allowed to enter.

(d) A Counter-Party ensures that traders have adequate training and/or experience relative to their delegations of authority in systems and the markets in which they transact.

(e) As appropriate, a Counter-Party has risk limits in place to control risk exposures.

(f) A Counter-Party has reporting in place to ensure risks are adequately communicated throughout the organization.

(g) A Counter-Party has processes in place for independent confirmation of executed transactions.

(h) A Counter-Party performs a periodic valuation or mark-to-market of risk positions, as appropriate.

(i) The ERCOT Board may approve minimum standards under an Other Binding Document.

(4) Upon notice of being selected for verification, a Counter-Party will make available or submit to ERCOT, or a third party acting on ERCOT's behalf, such documentation as is necessary to provide evidence of the sufficiency and implementation of its risk management framework. Such information may include, but not be limited to, documents of the following nature: risk policies, organizational charts, Delegations of Authority, training records, risk limit structure, reporting frameworks, and relevant procedures, all in a level of detail acceptable to ERCOT. Along with such documentation, a Counter-Party will provide a written explanation to ERCOT or its agent of how its risk management framework conforms to the risk management standards noted above. Requested information and documents must be made available for review by ERCOT, or a third party acting on ERCOT's behalf, 30 days after Notice of the request. ERCOT will provide Counter-Party Notice of inadequate documentation and will give Counter-Party ten Business Days to correct the inadequacy. At ERCOT's sole discretion, these deadlines may be extended on a case-by-case basis.

(5) If necessary, Counter-Parties will support the verification process by, among other things, making appropriate personnel available for interviews, permitting on-site observation of credit and risk management processes and procedures, and providing written responses to written inquiries on a timely basis. A Counter-Party may request that ERCOT or a third party performing verification on ERCOT's behalf perform the review on-site at the Counter-Party's location. Any resulting additional fees or expenses will in this case be the sole responsibility of the Counter-Party making the request.

(6) ERCOT will perform procedures to verify the risk management framework at least annually for any Counter-Party if that Counter-Party or its guarantor is:

(a) Ineligible for unsecured credit under the ERCOT Creditworthiness Standard; and

(b) Has had exposure in CRR Obligations in the ERCOT CRR market during the year preceding the date of the annual certificate.

(i) Notwithstanding the above, ERCOT will perform risk management framework verification procedures on other Counter-Parties at its sole discretion.

(7) Upon completion of its review, ERCOT will notify the Counter-Party whether or not any material deficiencies were noted. If material deficiencies exist, ERCOT may, in its sole discretion, establish in consultation with the Counter-Party, a remediation plan for any deficiencies. The remediation period allowed for specific deficiencies should be consistent with the severity of those deficiencies and may have incremental deadlines. The total remediation period will not exceed 90 days, unless extended, at ERCOT's sole discretion, on a case-by-case basis.

(8) Risk management deficiencies remaining beyond the ERCOT-defined remediation periods constitute a material breach under the Counter-Party's Standard Form Market Participant Agreement as provided for in Section 22, Attachment A, Standard Form Market Participant Agreement. Upon a material breach, ERCOT may, in addition to any

other rights or remedies ERCOT has under any agreement, these Protocols or at common law, suspend any or all future activities in the ERCOT market, pending remediation of deficiencies. An action by ERCOT to suspend activities in the ERCOT market is subject to the provisions of Section 20, Alternative Dispute Resolution Process.

(9) Participation in ERCOT markets is contingent on verification by ERCOT, or by a third party acting on ERCOT's behalf, that the proposed measures have been implemented.

(10) If a Counter-Party provides evidence that its risk management framework has been deemed sufficient for transacting in another Regional Transmission Operator/Independent System Operator market in the United States, ERCOT may elect to forego verification processes.

(11) In conjunction with providing its annual certificate, if a Counter-Party certifies that there has been no material change in its risk management capabilities since the framework was last verified, ERCOT may elect to forego verification. ERCOT may not forego verification more than once in any 24 month period.

(12) ERCOT shall assess a fee to eligible Counter-Parties for all or part of the costs of verifying the risk management framework for specified Counter-Parties.

[NPRR519: Insert Section 16.17 below upon system implementation:]

16.17 Exemption for Qualified Scheduling Entities Participating Only in Emergency Response Service

(1) A Qualified Scheduling Entity (QSE) that is not also registered as a Congestion Revenue Rights (CRR) Account Holder, that does not participate in the Day-Ahead Market (DAM) or Real-Time Market (RTM), that represents only Emergency Response Service (ERS) Resources, and whose Total Potential Exposure (TPE) (as calculated in Section 16.11.4.1, Determination of Total Potential Exposure for a Counter-Party) is zero may request designation as an ERS-only QSE.

(2) A QSE must submit a written request for designation as an ERS-only QSE at least five Business Days before the desired effective date of the designation.

(3) Upon determining that the QSE has addressed all financial risk to ERCOT's satisfaction, ERCOT shall designate the QSE as an ERS-only QSE, and shall notify the QSE of that designation in writing.

(4) Except as provided in paragraph (5), below, an ERS-only QSE is exempt from the following requirements:

(a) The requirement to maintain sufficient collateral under Sections 16.11.1, ERCOT Creditworthiness Requirements for Counter-Parties, and 16.11.5, Monitoring of a

Counter-Party's Creditworthiness and Credit Exposure by ERCOT;

(b) The requirement to submit financial statements and any notice of material changes under paragraph (1) of Section 16.11.5; and

(c) All requirements under Section 16.16, Additional Counter-Party Qualification Requirements.

(5) If ERCOT posts an RTM True-Up Statement or RTM Resettlement Statement providing for a resettlement of any ERS Time Period, and as a result of that resettlement alone, ERCOT determines that an ERS-only QSE has a positive TPE as calculated in Section 16.11.4.1, ERCOT will require that QSE to comply with Section 16.11.5, excluding paragraph (1), until its TPE again equals zero. If the QSE fails to pay when due any payment or Financial Security obligation owed to ERCOT, ERCOT may terminate the QSE's ERS-only status.

(6) ERCOT shall ensure that its systems prevent participation by ERS-only QSEs in the DAM and RTM.

(7) A QSE must request termination of its ERS-only status in writing. Termination of ERS-only status will be effective only upon ERCOT's written confirmation that the QSE has satisfied all creditworthiness and capitalization requirements applicable to QSEs.

(8) Nothing in this section affects an ERS-only QSE's obligation under paragraph (3) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, to provide ERCOT notice of any material change that could adversely affect the reliability or safety of the ERCOT System. Additionally, ERCOT may at any time require any ERS-only QSE to demonstrate that its risk management policies and practices are sufficient to ensure that it will be capable of meeting its ERS performance requirements during any ERS Standard Contract Term for which it has submitted an offer or for which it is committed to provide ERS.

ERCOT Nodal Protocols

Section 17: Market Monitoring and Data Collection

October 1, 2011

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17 MARKET MONITORING AND DATA COLLECTION

17.1 Overview

The Public Utility Commission of Texas (PUCT), with the assistance of the Independent Market Monitor (IMM) established in accordance with PUCT rules, has the ultimate responsibility for market oversight in ERCOT. ERCOT shall assist the PUCT and the IMM by performing the data collection functions specified in this Section.

17.2 Objectives and Scope of Market Monitoring Data Collection

The market monitoring data collection is designed to assist the PUCT and Independent Market Monitor (IMM) to:

(a) Protect Market Participants and Customers from the exercise of market power and from market manipulations;

(b) Ensure that there is effective and persistent competition for events that are not mitigated;

(c) Ensure that the market design and implementation are efficient;

(d) Guard against inefficiencies in the market and market manipulations;

(e) Ensure a justifiable and reasonable price impact; and

(f) Ensure that data posted on the MIS Public Area fulfills the objective of transparency of market information consistent with Section 1.3, Confidentiality.

17.3 Market Data Collection and Use

ERCOT shall establish procedures to ensure that the PUCT staff and Independent Market Monitor (IMM) may access all data maintained by ERCOT and deemed necessary by the PUCT staff and IMM to perform its market oversight activities, pursuant to subsection (e) of P.U.C. SUBST. R. 25.362, Electric Reliability Council of Texas (ERCOT) Governance. The following sections explain the collection, handling, verification, and retention of information by ERCOT that is accessible by the PUCT staff and IMM.

17.3.1 Information System Data Collection and Retention

ERCOT shall develop and operate an information system to collect and to store data required by these Protocols. ERCOT shall provide adequate communication equipment and necessary software packages to enable the PUCT staff and the IMM to establish electronic access to the information system and to facilitate the development and application of quantitative tools necessary for the market monitoring function. Data from source systems must be replicated near

Real Time and available for remote query by the PUCT staff and the IMM until data is available in the Data Archive and Data Warehouse. The Data Warehouse and Data Archive must be designed to accommodate a remote query function by the PUCT staff and the IMM at any time.

17.3.2 Data Categories and Handling Procedures

ERCOT shall develop, and refine based on experience, a detailed catalog of all data categories that it can acquire and the procedures that it will use to handle such data, including procedures for protecting Protected Information. This catalog must include documentation of the meaning of the data elements, and must be updated upon any change in systems (e.g. EMMS or settlements) that affect the data elements or interpretation of these elements.

17.3.3 Accuracy of Data Collection

(1) ERCOT shall continuously apply appropriate procedures for the accurate collection of data into the Data Warehouse and accurate communication of that data for use by the PUCT Staff and IMM. By written notice, ERCOT may require Market Participants to verify the accuracy of data previously submitted to ERCOT.

(2) ERCOT shall report to the PUCT and IMM any failure by a Market Participant to provide accurate and complete information in the manner and time requested under these Protocols, and that failure may be treated as grounds for action against the Market Participant.

(3) ERCOT shall cause to be performed an audit on a periodic basis no less than once every three years of ERCOT data, data collection, and data documentation for adequacy and accuracy. The auditor will provide recommendations to address potential areas of improvements.

17.3.4 PUCT Staff and IMM Review of Data Collection

The PUCT staff and IMM may review the catalogs of information and data collection verification criteria, developed by ERCOT according to these Protocols, and may propose such changes, additions, or deletions to the catalogs and criteria as it sees fit. In so doing, the PUCT staff or IMM may require database items or evaluation criteria to be included in the pertinent catalogs.

17.3.5 Data Retention

Data stored in the Data Warehouse and Data Archive must be available online for four (4) years from ERCOT's creation or receipt of the data. Data stored in the Data Archive must be maintained by ERCOT for a total of seven years from ERCOT's creation or receipt of the data.

17.4 Provision of Data to Individual Market Participants

Data requested by a Market Participant that is not available to the requesting Market Participant via the MIS may be provided by ERCOT to the requesting Market Participant on approval of the ERCOT CEO or designee and subject to constraints on ERCOT's resources, but this Section is not an authorization to release Protected Information of other Entities. Where answering the request imposes a burden or expense on ERCOT, the data may be provided on the condition that a reasonable contribution to ERCOT for its cost incurred is made by the requesting Market Participant according to the ERCOT service fee schedule posted on the MIS Public Area. ERCOT shall accommodate these requests on a nondiscriminatory basis.

17.5 Reports to PUCT Staff, IMM, and the FERC

(1) ERCOT shall make data available to the Public Utility Commission of Texas (PUCT) Staff and Independent Market Monitor (IMM). PUCT Staff or IMM may require, after consultation with ERCOT, changes to the form of the data, limited to data ERCOT is reasonably able to collect.

(2) ERCOT shall submit reports in accordance with its regulatory obligations under the applicable rules, laws, and orders of the PUCT and the Federal Energy Regulatory Commission (FERC).

17.6 Changes to Facilitate Market Operation

ERCOT shall evaluate its system operation and market performance to identify potential areas for improvements. This evaluation must consider impacts on system operations and market performance of Public Utility Commission of Texas (PUCT) rules, these Protocols, Operating Guides, and any other ERCOT operating procedures. Upon identification of areas that require improvements, ERCOT shall take appropriate actions to make those improvements including revising its procedures, proposing changes to these Protocols through the process specified in Section 21, Revision Request Process, and submitting recommendations to the PUCT or other appropriate Governmental Authorities. In performing these tasks, ERCOT shall seek comments and recommendations from the Independent Market Monitor (IMM), PUCT Staff, Market Participants, and other interested Entities.

ERCOT Nodal Protocols

Section 18: Load Profiling

April 1, 2013

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18 LOAD PROFILING

18.1 Overview

(1) The ERCOT retail market requires a 15-minute Settlement Interval, yet the vast majority of Customers do not have the metering necessary to measure their consumption at this level of granularity. Load Profiling provides a cost-effective way of estimating 15-minute Load for these Customers, enables the accounting of their energy usage in the market Settlement process, and allows the participation of these Customers in the retail market.

(2) This Section details how Load Profiling will be implemented in ERCOT.

18.2 Methodology

(1) ERCOT has developed Load Profiles for both non-interval metered Loads and Non-Metered Loads. A Load Profiling Methodology is the fundamental basis on which Load Profiles are created. The implementation of a Load Profiling Methodology may require statistical Sampling, engineering methods, econometric modeling, or other approaches.

(2) The following Load Profiling methods are used:

Type of Load	**Load Profiling Methodology**
Non-interval metered	Adjusted Static Models
Non-interval metered with Distribute Generation (DG)	Adjusted Static Models and engineering estimates
Non-metered	Engineering estimates

(3) Load Profiles have also been developed for Interval Data Recorders (IDRs) and Advanced Meters for use in Settlements when actual 15-minute data is not available. All Load Profiles shall conform to the ERCOT-defined Settlement Interval length.

(4) Adoption of a new methodology requires approval of the Technical Advisory Committee (TAC), without the necessity of complying with the procedures in Section 21, Revision Request Process. The TAC shall establish the implementation date for approved changes, recognizing the magnitude of the impacts on Market Participants.

18.2.1 Guidelines for Development of Load Profiles

In developing Load Profiles, ERCOT shall strive to achieve an optimal combination of the following:

(a) Give no unfair advantage to any Entity;

(b) Maximize usability by minimizing the total number of Load Profiles without compromising accuracy and cost effectiveness;

(c) Minimize the Load Profiles' contribution to Unaccounted For Energy (UFE) over all Settlement Intervals, paying particular attention to higher cost periods;

(d) Reflect reasonably homogenous groups, with respect to Load shape and likely supply costs;

(e) Develop Load Profiles that are distinctly different;

(f) Develop Load Profiles for areas with incomplete Load data utilizing data from other sources, taking into account similarities and differences in Load;

(g) Accommodate Time Of Use (TOU) rate classes;

(h) Use the most accurate Load research data available; and

(i) Develop Load Profiles based on readily identifiable parameters that are not subject to frequent change.

18.2.2 Load Profiles for Non-Interval Metered Loads

18.2.2.1 Load Profiles for Non-Interval Metered Loads Without Distributed Generation

Load Profiles for non-interval metered Loads are created using statistical models developed from appropriate Load research sample data. These models are referred to as adjusted static. These model equations relate daily Settlement Interval Load patterns to relevant weather descriptors such as maximum and minimum dry-bulb temperature and humidity. Other daily characteristics such as day-of-the-week and sunrise/sunset times are also employed.

18.2.2.2 Load Profiles for Non-Interval Metered Loads With Distributed Generation

Load Profiles for non-interval metered Loads that utilize DG (e.g., PhotoVoltaic (PV) or wind) will be created using a hybrid approach. At least a portion of the Load Profile will be based on Adjusted Static Models, while engineering estimates and/or generation models may be integrated as well or otherwise utilized.

18.2.3 Load Profiles for Non-Metered Loads

Load Profiles for Non-Metered Loads, e.g. streetlights, traffic signals, security lighting, billboards, and parking lots are created using engineering estimates based on known criteria, such as hours of operation, with appropriate variation in sunrise/sunset times. Transmission Service Providers (TSPs) and/or Distribution Service Providers (DSPs) are responsible for providing monthly consumption (kWh) for non-metered Electric Service Identifiers (ESI IDs).

18.2.4 Generic Load Profiles for Interval Data Recorders

(1) Generic or default Load Profiles will be developed for IDRs. These profiles will only be used when no historic Customer-specific interval data is available for Settlements. The adjusted static methodology will be used to create these Load Profiles.

(2) For details on the method to estimate IDR data for Settlement purposes, refer to Section 11, Data Acquisition and Aggregation.

18.2.5 Identification of Weather Zones and Load Profile Types

ERCOT, in coordination with the appropriate TAC subcommittee, will identify Weather Zones and Load Profile Types based on an analysis of the Load research data, weather data, effects of power price changes from interval to interval, and sunrise/sunset data.

18.2.6 Daily Profile Creation Process

ERCOT will maintain Load Profile Models to create profiles for the target Settlement day (backcast) and three days following the current day (forecast). ERCOT will automatically collect actual weather conditions and weather forecasts to enable the creation of the Load Profiles. ERCOT will maintain sunrise/sunset information for creating Load Profiles that require these parameters.

18.2.7 Maintenance of Samples and Load Profile Models

ERCOT, in coordination with TSPs and/or DSPs, shall periodically monitor, review, and maintain the validity and accuracy of the Load research samples and the Load Profiling models. ERCOT shall take the necessary action to alleviate any situations whereby Load Profiles are no longer representative.

18.2.7.1 Sample Maintenance

(1) ERCOT will review Load research sample validity (e.g. difference-of-means test) at the following times:

(a) At least annually, and

(b) When discrepancies (such as excessive UFE) or disputes warrant.

(2) ERCOT will monitor and review this Sampling in accordance with ERCOT Protocols, the Load Profiling Guide and the most current Association of Edison Illuminating Companies (AEIC) Load Research manual.

18.2.7.2 Model Maintenance

ERCOT shall monitor the applicability of the Load Profiling models by comparing all available actual interval data samples with estimates generated from the profile model by interval for the same time period. Should these comparisons reveal significant discrepancies, ERCOT should take appropriate action and coordinate with the appropriate TAC subcommittee.

18.2.8 Adjustments and Changes to Load Profile Development

(1) ERCOT and the appropriate TAC subcommittee will conduct an ongoing evaluation of the current Load Profiling Methodology. Together they will determine whether appropriate changes to the methodology should be made or whether another approach or combination of approaches is warranted. Any Market Participant may request a review of the Load Profiling Methodology. Adoption of a new Load Profiling Methodology must be approved by TAC, as provided in Section 18.2, Methodology.

(2) Any Market Participant may petition ERCOT for adjustments to the existing Load Profiles and for development of new Load Profiles. The Market Participant making the request shall submit their proposal in writing to ERCOT. ERCOT will post to the Market Information System (MIS) Public Area the request and respond to such requests within 60 days. ERCOT shall coordinate with the appropriate TAC subcommittee for each change request. ERCOT shall strive to make the necessary changes within a reasonable period of time.

(3) ERCOT, in coordination with the appropriate TAC subcommittee, may make changes to existing Load Profiles and establish additional Load Profiles. All changes to Load Profiles shall adhere to these Protocols. When additional Load Profiles are established, ERCOT shall evaluate the impact on existing Load Profiles and associated Load research samples.

(4) A Market Participant may submit a request to ERCOT for conditional approval of a new Load Profile Segment following the approval process as specified in the Load Profiling Guide Section 12, Request for Load Profile Segment Changes, Additions, or Removals. In conjunction with this request, ERCOT shall specify the requirements for additional Load research Sampling and shall define specific and objective criteria to be met by the analysis of this Load research data to meet the requirements for final approval. Provided the request for conditional approval has received the appropriate ERCOT committee approval and ERCOT determines the specified criteria are met, the request shall be granted final approval. If ERCOT determines the specified criteria are not met, the request shall be denied.

(5) Section 9.18, Profile Development Cost Recovery Fee for a Non-ERCOT Sponsored Load Profile Segment, describes the process for compensating the originator of a profile segment change request by Retail Electric Providers (REPs) wishing to subscribe to the profile segment.

(6) ERCOT shall give at least 150 days Notice to all Market Participants prior to market implementation of any change in Load Profile Methodology, existing Load Profiles, or when any additional Load Profiles are developed. This Notice shall include a Load Profile change implementation timeline, which specifies dates on which key events during the Load Profile change process will take place. Upon any change in Load Profile Types, TSPs and/or DSPs shall send any revised Load Profile ID assignments required by the change to the registration system within the implementation timeline. After the new Load Profile(s) becomes available, changes to Load Profile Types will be effective on the next meter read date for each ESI ID.

(7) If one or more Load Profiles require changes to reduce excessive UFE, as determined by the appropriate TAC subcommittee, TAC may provide a shorter notice period and implementation date, than otherwise provided herein, for such required changes to Load Profiles. If the Load Profile Methodology requires changes to reduce excessive UFE, as determined by the appropriate TAC subcommittee, TAC may provide an expedited notice period and implementation date. TAC may require the standard Load Profile revision process follow such expedited revisions for long-term resolution.

18.2.9 Special Requirement for Profiling Sample Points

When a Premise is used as part of a Load research sample used for Load Profiling, and that Premise or that Premise's Competitive Retailer (CR) elects to use its interval data for Settlement purposes, it will be necessary to replace that Premise in the sample. It will be incumbent on ERCOT to coordinate this type of change with the TSP and/or DSP, if appropriate.

18.2.10 Responsibilities for Sampling in Support of Load Profiling

18.2.10.1 ERCOT Sampling Responsibilities

ERCOT is responsible for the development and maintenance of Load Profiles used in the ERCOT market. ERCOT shall follow the Load Profiling and Load research rules and procedures as specified in the Public Utility Commission of Texas (PUCT) rules.

18.2.10.2 Transmission Service Provider and/or Distribution Service Provider Sampling Responsibilities

(1) The TSP's and/or DSP's Load research data are critical for Load Profile development by ERCOT. TSPs and/or DSPs, other than Non-Opt-In Entities (NOIE), shall provide available Load research data when requested by ERCOT.

(2) The TSPs and/or DSPs, other than NOIEs, shall provide ERCOT at least one year's notice of any significant change in the status of the TSP's and/or DSPs' Load research programs.

(3) TSPs and/or DSPs shall address the appropriate TAC subcommittee as a forum for their input in the development and refinement of Load Profiles.

(4) TSPs and/or DSPs shall follow the rules and procedures as specified in PUCT rules.

(5) ERCOT may request from TSPs and/or DSPs, and such TSPs and/or DSPs shall provide, the most current Load research data reasonably available to aid in the development or refinement of Load Profile Models, subject to Section 18.2.8, Adjustments and Changes to Load Profile Development.

18.3 Posting

ERCOT will make available to Market Participants the following information in a timely manner, subject to confidentiality agreements, proprietary arrangements, and Public Utility Commission of Texas (PUCT) rules and regulations.

18.3.1 Methodology Information

A complete description of all supporting models, documentation and data used in preparation of Load Profiles will be made available on the Market Information System (MIS) Public Area, including:

(a) The historic Load data used to create the Load Profiles;

(b) Average interval accuracy of each Load Profiling model;

(c) Weather information;

(d) Sunrise/sunset information;

(e) Updates of Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP) Load research data as it becomes available to ERCOT; and

(f) Any other data used for Load Profile development.

18.3.2 Load Profiling Models

ERCOT will make available the models used to produce the forecast and backcast profiles for the Settlement process. The Load Profile Models shall be accessible via the MIS Public Area in a downloadable format.

18.3.3 Load Profiles

(1) ERCOT will publish Load Profile data from the profile creation process, in accordance with Section 18.2.6, Daily Profile Creation Process, to the MIS and through the common application programming interface. Load Profile data will be made available to Market Participants for a period of two years.

(2) ERCOT will post to the MIS Public Area by 1000 Central Prevailing Time (CPT) each Business Day, forecasted Load Profiles for the three following days for each Load Profile Type and Weather Zone. Backcast profiles for each Load Profile Type and Weather Zone will be available by 1000 CPT of the second Business Day following the backcast day. No data will be provided that will allow identification of individual Customers.

18.4 Assignment of Load Profile ID

Each Electric Service Identifier (ESI ID) is required to be associated with an appropriate Load Profile ID. This Section details the process of assigning a Load Profile ID to each ESI ID.

18.4.1 Development of Load Profile ID Assignment Table

ERCOT shall develop a cross-reference table of all Load Profile ID used in the ERCOT market. The table shall clearly state class relationship to Load Profile Type. This information shall be made accessible on the Market Information System (MIS) Public Area to all Market Participants. The cross-reference information shall be compiled and expressed in clear, unambiguous language, and in a manner that will minimize Load Profile ID assignment disputes.

18.4.2 Load Profile ID Assignment

(1) ERCOT and the appropriate Technical Advisory Committee (TAC) subcommittee shall review the Load Profile ID assignment process on an annual basis, make recommendations for enhancements, and evaluate the integration of the validation and assignment processes.

(2) Any Market Participant may request temporary changes to the yearly process for assigning and validating Load Profile IDs to address unusual circumstances. Such requests shall be submitted to the appropriate TAC subcommittee. If the request is approved by the TAC subcommittee, it shall then be submitted to the TAC. Change requests as a result of an extreme event such as a hurricane or ice storm may be submitted directly to TAC. Such requests, if approved by the TAC, shall be in effect only for the requested year.

(3) Should there be any change in Load Profile ID assignment to any ESI ID, it will be the responsibility of the Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP) to submit those changes to ERCOT.

18.4.3 Validation of Load Profile Type and Weather Zone Assignments

In this Section validation shall mean performing checks to ensure correct assignment of Load Profile Types and Weather Zones to ESI IDs.

18.4.3.1 Validation Tests

(1) Validation tests of Load Profile Type and Weather Zone assignments, at a minimum, will occur at the following times:

(a) Initial Load Profile ID assignment;

(b) When a change is made in the Load Profile Type or Weather Zone assignment; and

(c) At least one time per year.

(2) ERCOT may utilize a sampling method for Load Profile Type assignment validation and when a change is made in the Load Profile ID assignment.

(3) ERCOT shall validate the assignment of the Weather Zone component of the Load Profile ID for all ESI IDs.

(4) ERCOT shall perform validation tests of the initial Load Profile Type and Weather Zone assignments of each TSP and/or DSP. Samples of assignments from the Residential and Business Profile Groups will be randomly drawn from each TSP's and/or DSP's population of profiled ESI IDs. If the assignment validation failure rate for any of these samples exceeds parameters specified in the Load Profiling Guide, ERCOT may request an audit of the corresponding TSP's and/or DSP's Load Profile ID assignment processes and systems at the expense of the TSP and/or DSP. ERCOT may require TSPs and/or DSPs that fail sample Load Profile Type or Weather Zone assignment validations and/or audits to resubmit Load Profile ID assignments for all ESI IDs in their service territory.

(5) Details of all validation tests will be specified in the Load Profiling Guide. Competitive Retailers (CR) may dispute a Load Profile ID assignment through the ERCOT Settlement dispute process, as described in Section 9.14, Settlement and Billing Dispute Process, in conjunction with the Load Profiling Guide.

(6) TSPs and/or DSPs shall change the assignment of a Load Profile ID based on a dispute outcome finding in favor of a CR. If required to change an assignment, TSPs and/or DSPs must correct the assignment in their system and the ERCOT Customer registration system within three Business Days.

18.4.3.2 Correction Procedure

(1) TSPs and/or DSPs are responsible for investigating each ESI ID identified by ERCOT as having a potentially incorrect Load Profile ID assignment. Each TSP and/or DSP shall work closely and promptly with ERCOT during the correction procedure, which is detailed in the Load Profiling Guide.

(2) Market Participants may dispute an assignment through the ERCOT Settlement dispute process, described in Section 9.14.

18.4.4 Assignment of Weather Zones to Electric Service Identifiers

(1) TSPs and /or DSPs will assign each ESI ID to a Weather Zone, based on service address ZIP code.

(2) ERCOT will post to the MIS Public Area a mapping of a Weather Zone to appropriate Customer registration element used in assigning Weather Zones.

18.5 Additional Responsibilities

This Section addresses responsibilities for Load Profiling not specified in other sections of the Protocols.

18.5.1 ERCOT Responsibilities

ERCOT will develop, administer, and maintain Load Profiles in accordance with these Protocols. Disputes related to the accuracy or appropriateness of Load Profiles shall be handled in accordance with Section 9.14, Settlement and Billing Dispute Process.

18.5.2 Transmission Service Provider and/or Distribution Service Provider Responsibilities

Transmission Service Providers (TSPs) and/or Distribution Service Providers (DSPs) shall use the appropriate Technical Advisory Committee (TAC) subcommittee as a forum for their input in the development and refinement of Load Profiles.

18.5.3 Competitive Retailer Responsibilities

(1) Competitive Retailers (CRs) shall use the appropriate TAC subcommittee as a forum for their input in the development and refinement of Load Profiles.

(2) CRs shall be responsible for reviewing any assignment of Load Profiles to Electric Service Identifiers (ESI IDs) they represent.

18.6 Installation and Use of Interval Data Recorder Meters

18.6.1 Interval Data Recorder Meter Mandatory Installation Requirements

(1) Interval Data Recorder (IDR) Meters are required and shall be installed and utilized for Settlement of Premises having either:

(a) A peak Demand greater than 700 kW (or 700 kVA in CenterPoint Energy's service territory); or

(b) Service provided at transmission voltage (above 60 kV).

(2) For the IDR Meter installation process, refer to the Retail Market Guide Section 7.13.2.2, Mandatory Interval Data Recorder Installation Process.

(3) A Competitive Retailer (CR), upon a Customer's request or with a Customer's authorization, may have an IDR Meter installed and used for Settlement purposes at any associated Premise. Except as stated in paragraph (5) below, IDR Meters in place or installed after September 1, 1999 shall be used for Settlement. Once an IDR Meter is installed at a Premise and used for Settlement purposes, the given Premise shall continue to be settled with its interval data, except as stated in Section 18.6.6, Interval Data Recorder Meter Optional Removal. If a Customer or CR requests installation of an IDR Meter, the same Customer may not request removal of the IDR Meter for a period of 12 consecutive months following such installation.

(4) All non-metered Loads such as street lighting, regardless of the aggregation level, shall not be required to install IDR Meters under the IDR Meter Mandatory Installation Requirements. These Loads shall be settled using Load Profiles.

(5) For Premises not subject to the IDR Meter Mandatory Installation Requirements in paragraph (1) above:

(a) IDR Meters installed at the request of ERCOT, a Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP), a Municipally Owned Utility (MOU), or an Electric Cooperative (EC) for Load research, rate/tariff design calculation, coincident Demand calculation, or Load Profiling purposes shall be exempt from the requirement to use an IDR Meter for Settlement purposes; or

(b) IDR Meters previously used specifically for separating Non-Opt-In Entity (NOIE) Load from competitive Load shall be exempt from the requirement to use an IDR Meter for retail Customer Settlement purposes, provided that the IDR Meter has been removed within 120 consecutive days after the NOIE has fully implemented Customer Choice. IDR Meters used for NOIE separation that do not meet the IDR Meter Mandatory Installation Requirements shall not be used for retail Customer Settlement purposes.

(6) For IDR Meter installation procedures reference Section 10.3.3, TSP or DSP Metered Entities.

(7) TSPs and/or DSPs responsible for any Load transfer schemes between the ERCOT Region and non-ERCOT Regions shall install IDR metering capable of measuring the Load served during the period the Load transfer is implemented.

18.6.2 Interval Data Recorder Administration Issues

ERCOT shall produce a report informing the appropriate Market Participants of Premises that have become subject to the provisions of paragraph (1) of Section 18.6.1, Interval Data Recorder Meter Mandatory Installation Requirements. ERCOT shall put in place a system to track Market Participants' timely adherence to this requirement. This report shall be posted to the Market Information System (MIS) Certified Area.

18.6.3 Adherence to Interval Data Recorder Requirements

MOUs and ECs that opt-in to Customer Choice must install IDR Meters at all Premises subject to the IDR Meter Mandatory Installation Requirements for metering prior to the effective date of their participation in the testing and integration requirements of ERCOT systems for Customer Choice.

18.6.4 Technical Requirements

(1) Regardless of data retrieval method, interval data shall be provided on a schedule that supports the requirements of final Settlement (typical monthly billing cycle).

(2) Interval data that is provided for Settlement shall be consistent with the ERCOT defined Settlement Interval.

18.6.5 Peak Demand Determination for Non-Interval Data Recorder Premises

(1) For the purpose of determining the peak Demand level for the IDR Meter Mandatory Installation Requirements in Section 18.6.1, Interval Data Recorder Meter Mandatory Installation Requirements, the Demand will be determined in accordance with Public Utility Commission of Texas (PUCT) rulemaking or through a consensus process with ERCOT and Market Participants. In the absence of a clear definition of peak Demand in the PUCT rulemaking, the following application shall be used in determining the peak Demand level for IDR Meter Mandatory Installation Requirements in Section 18.6.1. A Premise (Electric Service Identifier (ESI ID)) has a peak Demand greater than the applicable level in Section 18.6.1 when measured in any two billing months of the most recent 12 month period.

(2) CRs may dispute an IDR Meter assignment through the ERCOT Settlement dispute process, described in Section 9.14, Settlement and Billing Dispute Process.

(3) ERCOT shall be responsible for receiving and storing Demand information necessary for determining mandatory IDR Meter installations.

18.6.6 Interval Data Recorder Meter Optional Removal

(1) The CR, upon a Customer's request or with a Customer's authorization, may request, in accordance with PUCT rules and regulations, removal of an IDR Meter at the Customer's Premise unless an IDR Meter is required by Section 18.6.1, Interval Data Recorder Meter Mandatory Installation Requirements.

(2) An IDR Meter may not be removed if the existing Customer requested or authorized installation of an IDR Meter pursuant to paragraph (2) of Section 18.6.1, in which case the existing Customer may not request removal of the IDR Meter for a period of 12 consecutive months following such installation.

(3) The optional removal of an IDR Meter for a Premise is established as follows:

(a) Removal of an IDR Meter shall be allowed under the following conditions:

(i) Where the Demand at the Premise has never exceeded the IDR Meter Optional Removal Threshold of 150 kW (kVA) during the most recent 12 consecutive months; or

(ii) Where an Advanced Meter can be provisioned by the Transmission and/or Distribution Service Provider (TDSP), an IDR Meter may be replaced with an Advanced Meter at the discretion of the TDSP.

(b) For a new Customer move-in, where the request is communicated to the CR within 120 consecutive days of the move-in provided the new Customer's Demand at the Premise has remained below the IDR Meter Mandatory Installation Requirements between the move-in date and the date the request is received, and that meter readings covering at least 45 consecutive days of usage at the Premise have been registered for the new Customer.

(4) Once an IDR Meter has been removed from a Premise by request, an IDR Meter may not be reinstalled at that Premise for a period of 12 consecutive months following such removal, unless a change in Customer(s) has taken place at that Premise during that 12 month period or unless the IDR Meter Mandatory Installation Requirements pursuant to paragraph (1) of Section 18.6.1 has been met. Removal or re-installation of an IDR Meter is subject to applicable tariff charges.

18.7 Supplemental Load Profiling

ERCOT and the appropriate Technical Advisory Committee (TAC) subcommittee recognize the possible need to accommodate Load Profiling for programs or pricing schemes that encourage a Demand response to price in the retail market. Accordingly, Load Profiling methods other than adjusted static methodology are necessary.

18.7.1 Load Profiling of Time of Use Metered Electric Service Identifier

18.7.1.1 Overview

(1) A Time Of Use (TOU) Meter is a programmable electronic device capable of measuring and recording electric energy in pre-specified time periods. For Load Profiling purposes this definition does not include Interval Data Recorders (IDRs). For additional information regarding TOU, reference the Load Profiling Guide.

(2) The ERCOT Data Aggregation and Settlement systems must be able to accept and handle TOU meter data. The profiling of Premises participating in TOU programs requires TOU meter reads so that consumption can be distributed within the appropriate time periods.

18.7.1.2 Methodology for Load Profiling of Time Of Use

The selected technique for generating profiles for TOU Premises is described as follows:

(a) Each TOU Premise is assigned to a standard Load Profile Type.

(b) Upon agreement between the Competitive Retailer (CR) and Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP), a Time of Use Schedule (TOUS) is submitted by the TSP and/or DSP to the ERCOT Data Aggregation System (DAS), which identifies the TOU period associated with each Settlement Interval. The number of TOU periods is determined by the number of periods for which the meter will capture kWh. These periods may include on-peak, off-peak, and shoulder periods. The DAS shall collect and maintain the attributes of the TOUS (e.g. start and stop time, day of the week, and time of year).

(c) CRs shall communicate to TSPs and/or DSPs their Electric Service Identifiers (ESI IDs) associated with the proper TOUS.

(d) The TSP and/or DSP shall communicate all TOUSs to DAS so that proper TOUS identification for each Premise will occur in the ERCOT System.

(e) The ERCOT DAS shall use the standard Load Profile assigned to each TOU Premise and scale the energy for each TOU period in the Load Profile so that it is equal to the metered energy (kWh) for the TOU period.

(f) TOU Load Profiling will not use TOU Demand values.

18.7.1.3 Collection of Time Of Use Meter Data

TSPs and/or DSPs will be responsible for providing the meter reads necessary to support TOUS available in their service territory. The ERCOT DAS shall handle multiple TOU reads. These TOU reads may include on-peak, off-peak, and shoulder periods.

18.7.1.4 Availability of Time Of Use Schedules

The availability of TOUSs will be dependent on the following:

(a) For TSP and/or DSP service territories with TOU tariffs in effect prior to December 31, 2000, all CRs will be able to offer the TOUSs associated with those tariffs; and

(b) The implementation of any new or modified TOUS would be subject to the ERCOT and Texas Standard Electronic Transaction (TX SET) change control process.

18.7.1.5 Post Market Evaluation

Starting at the first completed Settlement cycle, ERCOT and the appropriate TAC subcommittee shall periodically review the selected profiling technique of TOU ESI IDs for accuracy, and validity. They may recommend enhancements, modifications, or a complete replacement of the technique.

18.7.2 Other Load Profiling

ERCOT, in coordination with the appropriate TAC subcommittee, may develop Load Profiles for particular Customer segments that require special Load Profiling techniques similar in nature to TOU and Direct Load Control (DLC) programs.

ERCOT Nodal Protocols

Section 19: Texas Standard Electronic Transaction

June 11, 2012

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19 TEXAS STANDARD ELECTRONIC TRANSACTION

This Section of the Protocols contains an overview of the purpose and scope of the Texas Standard Electronic Transaction (TX SET), and a series of definitions identifying the use of each transaction. It also refers to the full implementation guidelines, which are posted on the Market Information System (MIS) Public Area maintained by ERCOT.

19.1 Overview

(1) Texas Standard Electronic Transaction (TX SET) describes the standard electronic data transactions, implementation guides, protocols, principles and procedures that enable and facilitate the processes of Customer Choice in the deregulated Texas electric market. The full implementation guidelines and change control process documents shall be published on the Market Information System (MIS) Public Area by ERCOT within seven Retail Business Days of approval by the appropriate Technical Advisory Committee (TAC) subcommittee and shall define and serve as the standard electronic protocols for the applicable TX SET transactions among all Market Participants and ERCOT.

(2) This Section shall cover:

(a) Transactions between Transmission and/or Distribution Service Providers (TDSPs) (refers to all TDSPs unless otherwise specified) and Competitive Retailers (CRs) and ERCOT;

(b) Subcommittee and ERCOT responsibilities; and

(c) Change control process.

19.2 Methodology

In developing and maintaining the implementation guides, the appropriate Technical Advisory Committee (TAC) subcommittee shall:

(a) Develop standardized transactions, which support documented ERCOT market business requirements across all Market Participants and ERCOT;

(b) Develop Electronic Data Interchange (EDI) transactions using American National Standards Institute Accredited Standards Committee X12 (ANSI ASC X12) standards;

(c) Develop Extensible Markup Language (XML) transactions as needed;

(d) Develop other spreadsheets, templates, comma separated value (CSV) files, etc. as needed;

(e) Develop processes and procedures to be followed in the development of Texas Standard Electronic Transaction (TX SET);

(f) Follow 'Best Practices' as identified in the overall technology market place related to development of TX SET;

(g) Develop and follow processes and procedures and follow these for the management of changes to TX SET; and

(h) Develop and follow processes and procedures for the release of new versions of TX SET.

19.3 Texas Standard Electronic Transaction Definitions

19.3.1 Defined Texas Standard Electronic Transactions

(1) Service Order Request (650_01)

This transaction set:

(a) From the Competitive Retailer (CR) to the Transmission and/or Distribution Service Provider (TDSP) via point to point protocol, is used to initiate the original service order request, cancel request, or change/update request.

(b) For every 650_01, Service Order Request, there will be a 650_02, Service Order Response.

(2) Service Order Response (650_02)

This transaction set:

(a) From the TDSP to the CR via point to point protocol, is used to send a response to the CR's original 650_01, Service Order Request, that the transaction is complete, complete unexecutable, rejected, or requires a permit.

(b) For every 650_01 transaction, there will be a 650_02 transaction.

(3) Planned or Unplanned Outage Notification (650_04)

This transaction set:

(a) From the TDSP to the CR via point to point protocol, is used to notify the CR of a suspension of delivery service or to cancel the suspension of delivery service.

(b) From Municipally Owned Utility/Electric Cooperative (MOU/EC) TDSP to CR via point to point protocol, is used to notify the CR of disconnect/reconnect of delivery service for non-payment of wires charges.

(4) Planned or Unplanned Outage Response (650_05)

This transaction set:

From the CR to the TDSP via point to point protocol, is used to notify the TDSP of a rejection of a 650_04, Planned or Unplanned Outage Notification, or cancellation. The CR can only reject for invalid data.

(5) TDSP Invoice (810_02)

This transaction set:

From the TDSP to the CR via point to point protocol, is an invoice for wire charges as listed in each TDSP tariff, (i.e., delivery charges, late payment charges, discretionary service charges, etc.). The 810_02, TDSP Invoice, may be paired with an 867_03, Monthly or Final Usage, to trigger the Customer billing process.

(6) MOU/EC Invoice (810_03)

This transaction set:

From the CR to the MOU/EC TDSP via point to point protocol, is an invoice for monthly energy charges, discretionary, and service charges for the current billing period. The 810_03, MOU/EC Invoice, will be preceded by an 867_03, Monthly or Final Usage, to trigger the Customer billing process.

(7) Maintain Customer Information Request (814_PC)

This transaction set:

(a) From a CR to the TDSP via point to point protocol, is used to maintain the information needed by the TDSP to verify the CR's end use Customer's identity (i.e., name, address and contact phone number) for a particular point of delivery served by the CR. A CR shall be required to provide TDSP with the information to contact the Customer and to continuously provide TDSP updates of changes in such information.

(b) From the CR to the TDSP via point to point protocol, will be transmitted only after the CR has received the 867_04, Initial Meter Read, from the TDSP for that specific move in Customer. Also, the CR will not transmit this transaction set and/or provide any updates to the TDSP after receiving the 867_03, Monthly or Final Usage, final meter read for that specific move out Customer.

(c) From a MOU/EC TDSP to CR via point to point protocol, is used to provide the CR with updated Customer information (name, address, membership ID, home phone number, etc.) for a particular point of delivery served by both the MOU/EC TDSP and the CR and to continuously provide CR updates of such information.

(8) Maintain Customer Information Response (814_PD)

This transaction set:

From the TDSP to the CR via point to point protocol, or from the CR to MOU/EC TDSP via point to point protocol, is used to respond to the 814_PC, Maintain Customer Information Request.

(9) Switch Request (814_01)

This transaction set:

From a new CR to ERCOT, is used to begin the Customer enrollment process for a switch.

(10) Switch Reject Response (814_02)

This transaction set:

From ERCOT to the new CR, is used by ERCOT to reject the 814_01, Switch Request, based on incomplete or invalid information. This is a conditional transaction and will only be used as a negative response. If the 814_02, Switch Reject Response, is not received from ERCOT, the new CR will receive the 814_05, CR Enrollment Notification Response, from ERCOT.

(11) Enrollment Notification Request (814_03)

This transaction set:

(a) From ERCOT to the TDSP, passes information from the 814_01, Switch Request; 814_16, Move In Request; or an 814_24, Move Out Request, where a Continuous Service Agreement (CSA) exists.

(b) The historical usage, if requested by the submitter of the initiating transaction, will be sent using the 867_02, Historical Usage.

(c) Will be initiated by ERCOT and transmitted to the TDSP in the event of a Mass Transition.

(d) Will be initiated by ERCOT and transmitted to the TDSP in the event of an acquisition transfer.

(12) Enrollment Notification Response (814_04)

This transaction set:

From the TDSP to ERCOT, is used to provide the scheduled meter read date that the TDSP has calculated and pertinent Customer and Premise information in response to an 814_01, Switch Request; 814_16, Move In Request; 814_24, Move Out Request, where a CSA exists initiated by a CR or a Mass Transition or acquisition transfer of Electric Service Identifiers (ESI IDs) initiated by ERCOT. TDSPs will acknowledge the

initiating CRs request for historical usage with this transaction but will send the usage using the 867_02, Historical Usage.

(13) CR Enrollment Notification Response (814_05)

This transaction set:

From ERCOT to the new CR, is essentially a pass through of the TDSP's 814_04, Enrollment Notification Response, information. This transaction will provide the scheduled meter read date for the CR's 814_01, Switch Request, or 814_16, Move In Request.

(14) Loss Notification (814_06)

This transaction set:

From ERCOT to the current CR, is used to notify a current CR of a drop initiated by an 814_01, Switch Request, or drop notification due to a pending 814_16, Move In Request, from a new CR.

(15) Loss Notification Response (814_07)

This transaction set is no longer valid as of Texas SET 4.0.

(16) Cancel Request (814_08)

This transaction set:

(a) From ERCOT to the TDSP, is used to cancel an 814_03, Enrollment Notification Request, or an 814_24, Move Out Request.

(b) From ERCOT to the current CR, is used to cancel an 814_06, Loss Notification, (forced Move-Out or Switch Request), an 814_24 transaction, or an 814_11, Drop Response.

(c) From ERCOT to the new CR, is used to cancel an 814_01, Switch Request, an 814_16, Move In Request, or an 814_14, Drop Enrollment Request.

(d) From the current CR to ERCOT, is used to cancel an 814_24 transaction.

(e) From the new CR to ERCOT, is used to cancel an 814_01 or an 814_16 transaction.

(f) From ERCOT to the Continuous Service Agreement (CSA) CR, is used to cancel an 814_22, CSA CR Move In Request.

(g) From ERCOT to the requesting CR/Provider of Last Resort (POLR), is used to cancel pending transactions involved in a Mass Transition.

(h) From ERCOT to the gaining CR, is used to cancel pending transaction involved in an acquisition transfer.

(17) Cancel Response (814_09)

This transaction set:

(a) From the TDSP to ERCOT, is used in response to the cancellation of an 814_03, Enrollment Notification Request, or an 814_24, Move Out Request.

(b) From the current CR to ERCOT, is no longer valid as of Texas SET 4.0.

(c) From the new CR to ERCOT, is no longer valid as of Texas SET 4.0.

(d) From ERCOT to the current CR, is used in forwarding the response of the Customer cancel of an 814_24 transaction.

(e) From CSA CR to ERCOT, is no longer valid as of Texas SET 4.0.

(f) From ERCOT to the submitter of an 814_08, Cancel Request, is used to reject the cancellation request.

(g) From POLR to ERCOT, is no longer valid as of Texas SET 4.0.

(18) Drop Request (814_10)

This transaction set is no longer valid as of March 8, 2007 (Reference Project No. 33025, PUC Rulemaking Proceeding to Amend Commission Substantive Rules Consistent With §25.43, Provider of Last Resort (POLR)).

(19) Drop Response (814_11)

This transaction set:

(a) From ERCOT to the current CR, is sent within one Retail Business Day to notify the CR that the request is invalid.

(b) From ERCOT to the current CR, is used in response to a Mass Transition.

(c) From ERCOT to the current CR, is used in response to an acquisition transition.

(20) Date Change Request (814_12)

This transaction set:

(a) From new CR to ERCOT, is used when the Customer requests a date change to the original 814_16, Move In Request.

(b) From ERCOT to the current CR, is used for a notification of the date change on the 814_16 transaction, from the new CR.

(c) From ERCOT to the TDSP, is used for notification of a move in or move out date change request.

(d) From the current CR to ERCOT, is used when the Customer requests a date change to the original 814_24, Move Out Request.

(e) From ERCOT to the new CR, is used for notification of the date change on the 814_24 transaction from the current CR.

(f) From ERCOT to the CSA CR, is used for notification of the date change on the 814_24 transaction only.

(21) Date Change Response (814_13)

This transaction set:

(a) From ERCOT to new CR, is used to respond to the requested date change to the original move in date on the 814_12, Date Change Request.

(b) From the current CR to ERCOT, is no longer valid as of Texas SET 4.0.

(c) From the CSA CR to ERCOT, is no longer valid as of Texas SET 4.0.

(d) From the TDSP to ERCOT, is used to respond to the requested date change to the original move in or move out date on the 814_12 transaction.

(e) From ERCOT to the current CR, is used to respond to the requested date change to the original move out date on the 814_12 transaction.

(f) From the new CR to ERCOT, is no longer valid as of Texas SET 4.0.

(22) Drop Enrollment Request (814_14)

This transaction set:

(a) From ERCOT to the POLR or designated CR, is used in response to a Mass Transition.

(b) From ERCOT to the gaining CR, is used in response to an acquisition transfer.

(23) Drop Enrollment Response (814_15)

This transaction set is no longer valid as of Texas SET 4.0.

(24) Move In Request (814_16)

This transaction set:

From the new CR to ERCOT, is used to begin the Customer enrollment process for a move in.

(25) Move In Reject Response (814_17)

This transaction set:

From ERCOT to the new CR, is used by ERCOT to reject the 814_16, Move In Request, based on incomplete or invalid information. This is a conditional transaction and will only be used as a negative response. If the 814_17, Move In Reject Response, is not received from ERCOT, the CR will receive the 814_05, CR Enrollment Notification Response.

(26) Establish/Delete CSA Request (814_18)

This transaction set:

(a) From the new CSA CR to ERCOT, is used to establish the owner/landlords' new CSA CR in the registration system.

(b) From the current CSA CR to ERCOT, is used to remove an existing CSA CR from the registration system.

(c) From ERCOT to the current CSA CR, is used for notification that the owner/landlord has selected a new CSA CR.

(d) From ERCOT to the MOU/EC TDSP, is used to validate the CSA relationship information in the MOU/EC TDSP's system.

(e) From ERCOT to the MOU/EC TDSP, is used for notification of CSA deletion.

(27) Establish/Delete CSA Response (814_19)

This transaction set:

(a) From ERCOT to the new CSA CR, is used to respond to the 814_18, Establish/Delete CSA Request, enrolling the new CSA CR in the registration system.

(b) From ERCOT to the current CSA CR, is used to respond to the 814_18 transaction deleting the current CR from the registration system.

(c) From the current CSA CR to ERCOT, is no longer valid as of Texas SET 4.0.

(d) From the MOU/EC TDSP to ERCOT, is used to provide a response to the 814_18 transaction.

(28) ESI ID Maintenance Request (814_20)

This transaction set:

(a) From the TDSP to ERCOT, is used to initially populate the registration system for conversion/opt-in.

(b) From the TDSP to ERCOT, is used to communicate the addition of a new ESI ID, changes to information associated with an existing ESI ID, or retirement of an existing ESI ID.

(c) From ERCOT to current CR and any pending CR(s), is notification of the TDSP's changes to information associated with an existing ESI ID.

(29) ESI ID Maintenance Response (814_21)

This transaction set:

(a) From ERCOT to TDSP, is used to respond to the 814_20, ESI ID Maintenance Request.

(b) From the current CR and any pending CR(s) to ERCOT, is no longer valid as of Texas SET 4.0.

(c) From the new CR to ERCOT, is no longer valid as of Texas SET 4.0.

(30) CSA CR Move In Request (814_22)

This transaction set:

From ERCOT to CSA CR, is used to start a CSA service for the ESI ID.

(31) CSA CR Move In Response (814_23)

This transaction set:

From the CSA CR to ERCOT, is no longer valid as of Texas SET 4.0.

(32) Move Out Request (814_24)

This transaction set:

(a) From the current CR to ERCOT, is used for notification of a Customer's moveout request.

(b) From ERCOT to the TDSP, is notification of the Customer's move out request. If a CSA exists on the ESI ID, then the 814_03, Enrollment Notification Request, is sent instead of the 814_24, Move Out Request.

(33) Move Out Response (814_25)

This transaction set:

(a) From the TDSP to ERCOT to the current CR, is used to respond to the 814_24, Move Out Request. If a CSA exists on the ESI ID and ERCOT sent the 814_03, Enrollment Notification Request, instead of the 814_24 transaction, the TDSP will then respond with the 814_04, Enrollment Notification Response.

(b) From ERCOT to the current CR, is used to respond to the 814_24 transaction.

(34) Historical Usage Request (814_26)

This transaction set:

(a) From the current CR to ERCOT, is used to request the historical usage for an ESI ID.

(b) From ERCOT to the TDSP, it is a pass through of the current CR's 814_26, Historical Usage Request.

(35) Historical Usage Response (814_27)

This transaction set:

(a) From the TDSP to ERCOT, is used to respond to the 814_26, Historical Usage Request.

(b) From ERCOT to the current CR, is a pass through of the TDSP's response to the 814_26 transaction.

(36) Complete Unexecutable or Permit Required (814_28)

This transaction set:

(a) For a move out, is from the TDSP to ERCOT, and from ERCOT to the current CR, to notify the current CR the move out was unexecutable. Upon sending this transaction, the TDSP closes the initiating move out transaction. The CR must initiate corrective action and resubmit the Move-Out Request.

(b) For a move in, is from the TDSP to ERCOT, and from ERCOT to the new CR, or the current CR for energized accounts, to notify the CR that the work was complete unexecutable, or that a permit is required. Upon sending this transaction to notify the new CR of a complete unexecutable, the TDSP closes the initiating transaction. The new CR must initiate corrective action and resubmit the Move-In Request.

(c) Upon sending the 814_28 (PT) transaction to notify the new CR that a permit is required, ERCOT will allow the TDSP 20 Retail Business Days to send the

814_04, Enrollment Notification Response, due to permit requirements. After the 20 Retail Business Days, if no 814_04 transaction is received, ERCOT will then issue an 814_08, Cancel Request. If the move in is cancelled due to permit not received, ERCOT will note the reason in the 814_08 transaction.

(d) For a switch, is from the TDSP to ERCOT, and from ERCOT to the new CR or current CR, to notify CRs that the work has been complete unexecutable.

(37) Complete Unexecutable or Permit Required Response (814_29)

This transaction set:

(a) From ERCOT to the TDSP to reject the 814_28, Complete Unexecutable or Permit Required.

(b) From the CR (current CR for a move out or a new CR for a move in) to ERCOT, and from ERCOT to the TDSP is no longer valid as of Texas SET 4.0.

(38) CR Remittance Advice (820_02)

This transaction set:

(a) From the CR to the TDSP, is used as a remittance advice concurrent with a corresponding payment to the TDSP banking institution for a dollar amount equal to the total of the itemized payments in the 820_02, CR Remittance Advice. This transaction will reference the 810_02, TDSP Invoice, by ESI ID. If payment and remittance are transmitted together to a financial institution, this implementation guide may be used as a baseline for discussion with the payer's financial institution. All "must use" fields in the 820_02 transaction must be forwarded to the payer's financial institution and be supported by the payee's financial institution.

(b) A single payment sent via the bank and a single remittance sent to the TDSP can include multiple invoices, however a one to one correlation must exist between the payment submitted to the bank and the corresponding remittance advice to the TDSP.

(39) MOU/EC Remittance Advice (820_03)

This transaction set:

From the MOU/EC TDSP to the CR, is used as a remittance advice concurrent with a corresponding payment to the CR banking institution for a dollar amount equal to the total of the itemized payments in the 820_03, MOU/EC Remittance Advice. This transaction will reference the CR's Customer account number and ESI ID. If payment and remittance are transmitted together to a financial institution, this implementation guide may be used as a baseline for discussion with the payer's financial institution. All

"must use" fields in the 820_03 transaction, must be forwarded to the payer's financial institution and be supported by the payee's financial institution.

(40) Invoice or Usage Reject Notification (824)

This transaction set:

(a) From the CR to the TDSP, is used by the CR to reject and/or accept with exception the 810_02, TDSP Invoice, sent by the TDSP.

(b) From ERCOT to the TDSP, is used to reject the 867_03, Monthly or Final Usage, transaction sent by the TDSP.

(c) From the CR to ERCOT, is used to reject the 867_03 transaction sent by ERCOT.

(d) From the MOU/EC TDSP to the CR, is used to reject the 810_03, MOU/EC Invoice, sent by the CR.

(41) Historical Usage (867_02)

This transaction set:

(a) From the TDSP to ERCOT, is used to report historical usage.

(b) From ERCOT to the CR, is essentially a pass through of the TDSP's 867_02, Historical Usage.

(42) Monthly or Final Usage (867_03)

This transaction set:

(a) From the TDSP to ERCOT, is used to report monthly usage.

(b) From ERCOT to the CR, is essentially a pass through of the TDSP's 867_03, Monthly or Final Usage.

(c) From ERCOT to the TDSP or CR, is for ERCOT polled services.

(43) Initial Meter Read (867_04)

This transaction set:

(a) From the TDSP to ERCOT, is used to report the initial read associated with an 814_01, Switch Request, or an 814_16, Move In Request.

(b) From ERCOT to the new CR, is used to report the initial read associated with an 814_01 or 814_16 transaction.

(44) Functional Acknowledgement (997)

This transaction set:

(a) From the receiver of the originating transaction to the sender of the originating transaction, is used to acknowledge the receipt of the originating transaction and indicate whether the transaction passed American National Standards Institute (ANSI) ASC X12 validation. This acknowledgement does not imply that the originating transaction passed TX SET validation. The CR, TDSP, or ERCOT shall respond with a 997, Functional Acknowledgement, within 24 hours of receipt of an inbound transaction.

(b) Provides a critical audit trail. All parties must send a 997 transaction for all Electronic Data Interchange (EDI) transactions. Parties will track and monitor acknowledgements sent and received.

(45) Option 1 Outages: Outage Status Request (T0)

This transaction set:

From a CR to TDSP, is used to request Outage status. This is not a required transaction for an Option 1 CR reporting Unplanned Outages.

(46) Option 1 Outages: Trouble Reporting Request (T1)

This transaction set:

From a CR to TDSP, is used to report an Outage or service irregularity requiring near Real-Time Outage response. This is a required transaction for an Option 1 CR to electronically transmit to the TDSP for every valid Outage or service irregularity reported.

(47) Option 1 Outages: Trouble Report Acknowledgement (T2)

This transaction set:

From a TDSP to CR, is used to acknowledge the receipt of a T1, Option 1 Outages: Trouble Reporting Request, with either an acceptance or a rejection response. This is a required transaction for the TDSP when an Option 1 CR utilizes the T1 transaction.

(48) Option 1 Outages: Status Response (T3)

This transaction set:

From a TDSP to CR, is used to provide status information for a previously submitted T0, Option 1 Outages: Outage Status Request, message. This is a required transaction for the TDSP when an Option 1 CR utilizes the T0 transaction.

(49) Option 1 Outages: Trouble Completion Report (T4)

This transaction set:

From a TDSP to CR, is used by the TDSP to notify the CR that the trouble condition has been resolved. This is a required transaction for the TDSP when an Option 1 CR utilizes the T1, Option 1 Outages: Trouble Reporting Request, transaction.

19.3.2 Additional SET Transactions

The appropriate Technical Advisory Committee (TAC) subcommittee will develop additional transactions as required.

19.4 Texas Standard Electronic Transaction Change Control Documentation

19.4.1 Technical Advisory Committee Subcommittee Responsibilities

The appropriate Technical Advisory Committee (TAC) subcommittee will continue to:

(a) Upgrade the standards as needed (based on ideas from Market Participants, changes to the Protocols or changes in communication standards e.g. changes in American National Standards Institute Accredited Standards Committee X12 (ANSI ASC X12) standards); and

(b) Coordinate timing for changes in any of the Texas Standard Electronic Transactions (TX SETs).

19.4.2 ERCOT Responsibilities

ERCOT will facilitate the activities listed in Section 19.4, Texas Standard Electronic Transaction Change Control Documentation, by overseeing the change control activities of the TX SET transactions.

19.4.3 Dispute Process

A Market Participant may dispute technical requirement(s) identified in the TX SET Implementation Guide by registering the dispute with ERCOT and the appropriate TAC subcommittee.

19.4.4 Change Control Process

The appropriate TAC subcommittee shall make modifications and additions to TX SET transactions in accordance with this Section. TX SET transactions will be expanded and modified to accommodate market or regulatory requirements on an ongoing basis. It is understood that change control is vital in order to allow the market to function successfully on a daily basis. Each Market Participant will rely on established, documented, and tested transactions, yet must have a process by which to modify, test, and implement changes in an

efficient, effective, timely, and well-coordinated manner. This change control document provides the process by which changes to the standards may be discussed, reviewed, accepted, and implemented.

19.4.5 Responsibilities of Appropriate TAC Subcommittee

In order to accommodate the change control process, ERCOT in conjunction with the appropriate TAC subcommittee will maintain, publish, and post the standards and the ongoing modifications/enhancements to these standards on the Market Information System (MIS) Public Area. TX SET change controls and implementation guides will be posted to the MIS within seven Retail Business Days of approval by the appropriate TAC subcommittee. A consolidated new release of the standards will be published and electronically posted based on the nature and priority of changes requested. The consolidated new release publication will encompass all changes implemented during the period subsequent to the last released publication and will be posted to the MIS Public Area.

19.4.6 Submission of Proposed Changes

An Entity proposing a change shall notify ERCOT and/or the appropriate TAC subcommittee chair. ERCOT will notify Market Participants of any change requests. Market Participants may participate in ERCOT sponsored change control discussions. The appropriate TAC subcommittee will review and develop a resolution to the change/modification and publish the results. ERCOT will then notify the Entity proposing the change/modification of the results.

19.4.7 Priority Classifications of Standard Electronic Transaction Changes

The appropriate TAC subcommittee will classify all proposed changes and enhancements as an emergency change request or non-emergency change request detailed in the following subsections.

19.4.7.1 Emergency Change Request

Changes/enhancements to the guidelines must be updated as soon as reasonably practicable. If the current standards cannot accommodate Customer Choice and an urgent modification of the standard is required, the appropriate TAC subcommittee will classify a requested change as an emergency change.

19.4.7.2 Non-Emergency Change Request

Changes/enhancements to the guidelines must be updated by the next release following adoption. If the suggested modifications/enhancements will address immediate regulatory and competitive market issues and mandates, but do not meet the requirements for emergency change, the appropriate TAC subcommittee will classify a requested change as non-emergency. Non-

emergency changes may be implemented with a redline to the guideline if it does not affect production.

19.5 Texas Standard Electronic Transactions Acceptable Extended Character Set

19.5.1 Alphanumeric Field(s)

For use on an alphanumeric field, Texas Standard Electronic Transaction (TX SET) recognizes all characters within the basic character set. Within the extended character set, TX SET recognizes all character sets except all select language characters found in Section (4) of American National Standards Institute Accredited Standards Committee X12 (ANSI ASC X12) standards application. Segment/data element gray box guidelines for alphanumeric fields take priority over ANSI ASC X12 standards where the TX SET guidelines further limit acceptable values for a segment/data element. TX SET guidelines cannot extend the acceptable values to characters that are not allowed by ANSI ASC X12 standards for a segment/data element.

19.6 Texas Standard Electronic Transaction Envelope Standards

19.6.1 ERCOT Validation

ERCOT acts as the certificate authority and generates a digital certificate on behalf of each Market Participant. The Market Participant must be identified uniquely within the ERCOT System.

19.7 Advanced Meter Interval Data Format and Submission

Transmission and/or Distribution Service Providers (TDSPs) will provide 15-minute interval data to ERCOT from provisioned Advanced Meters using an ERCOT specified file format submitted via North American Energy Standards Board (NAESB) on at least a monthly basis.

19.8 Retail Market Testing

(1) The Texas Standard Electronic Transaction (TX SET) Working Group works with the ERCOT flight administrator to develop and maintain a test plan and related testing standards for all transactional changes within the ERCOT market. Testing of these changes is scheduled to allow ERCOT and all Market Participants adequate time to modify their systems and participate in the testing process. Testing processes, procedures, schedules and success criteria are defined in the Texas Market Test Plan (TMTP) Guide and on the retail testing website, which is administered by ERCOT. The ERCOT flight administrator is the final authority on all levels of business process certification among trading partners, including the verification that a party has successfully passed testing and is eligible to go into production.

(2) ERCOT may enlist the services of an Independent Third Party Testing Administrator (ITPTA) for this testing process.

ERCOT Nodal Protocols

Section 20: Alternative Dispute Resolution Procedure

October 1, 2011

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20 ALTERNATIVE DISPUTE RESOLUTION PROCEDURE

20.1 Applicability

(1) Except as provided for in this Section, this Alternative Dispute Resolution (ADR) procedure shall apply to all disputes between ERCOT and one or more Market Participants or between two or more Market Participants relating to the application, implementation, and interpretation of, or compliance with these Protocols, any approved market guide, or related Agreements. ERCOT need not participate as a party or facilitator in the ADR procedure. If any party in the ADR procedure, however, requests that ERCOT facilitate resolution of a dispute, then ERCOT shall do so. A party shall submit a covered dispute to these ADR procedures as a condition precedent to any right of any legal action on the dispute. This ADR procedure is of general applicability.

(2) When an Agreement or a Protocol Section sets forth a specific dispute resolution procedure, the provisions of this Section shall apply only if the dispute remains unresolved after the other specific dispute resolution procedures have been exhausted.

(3) Except in the case of a disagreement involving a variance that has been filed through the ERCOT retail transaction issue resolution system or other ERCOT data discrepancy tracking method (i.e., the Data Extract Variance Process pursuant to the Retail Market Guide and MarkeTrak Users Guide), if the requested outcome of the ADR process involves the correction of Settlement data and resettlement by ERCOT pursuant to Section 9, Settlement and Billing, prior to requesting ADR, a Market Participant must comply with Section 9.14, Settlement and Billing Dispute Process. If the Market Participant does not comply with Section 9.14, then the Market Participant shall have waived the right to file a complaint regarding the Settlement Statement and ERCOT shall reject the ADR request without further action. Statement Recipients and Invoice Recipients are the only parties that may request the use of ADR where the requested relief would involve correction of Settlement data at ERCOT and resettlement by ERCOT pursuant to Section 9, except where the disagreement involves a variance that has been filed through the Data Extract Variance Process.

(4) This Section shall apply to disagreements involving variances that are filed through a Data Extract Variance Process. The filing party must have previously complied with all requirements of a Data Extract Variance Process and submitted the initial variance by the deadline specified in the Data Extract Variance Process. A request for ADR relating to such a disagreement may seek the correction of the Settlement data and resettlement by ERCOT pursuant to Section 9. A party requesting ADR in connection with a Data Extract Variance Process need not have filed a Settlement and billing dispute pursuant to Section 9.14 in order to request and, if appropriate, receive resettlement through the ADR process.

(5) The procedures in this Section do not apply to disputes for which the sole remedy requires a change to the Protocols or related Agreements. The forum for resolution of

such disputes is the appropriate revision procedure(s) found in Section 21, Revision Request Process.

(6) Nothing in this ADR procedure is intended to limit or restrict:

(a) The rights of any party to file a complaint with the Public Utility Commission of Texas (PUCT) or any other Governmental Authority, with respect to matters other than those specified in this Section;

(b) The right of ERCOT or any Market Participant to seek changes in rates or terms and conditions of services, or guidelines, criteria, Protocols, standards, policies, or procedures of ERCOT; or

(c) The right of a Market Participant or ERCOT to file a petition seeking direct relief from the PUCT or any other Governmental Authority without first utilizing this ADR procedure where an action by ERCOT or a Market Participant might inhibit the ability of the affected party to provide continuous and adequate electric service.

(7) The arbitration procedures set forth in Section 20.5, Arbitration Procedures, shall not apply to any claim that includes punitive damages as a part of the requested relief. Such a claim may be pursued in the appropriate forum without pursuing the requirements for arbitration procedures contained in Section 20.5.

(8) Except for the provisions of this Section, the ADR procedure may be modified by mutual agreement of the parties.

(9) Parties shall exercise good faith efforts to timely resolve disputes under this Section.

(10) Nothing here is intended to supersede any dispute resolution process mandated by applicable law or regulation.

(11) Unless the parties to the dispute agree otherwise or unless an applicable tariff or law provides otherwise, the ADR procedure does not apply to disputes between two or more Market Participants who are either:

(a) Parties to a bilateral agreement that relates to the subject matter of the dispute; or

(b) Governed by tariffs that relate to the subject matter of the dispute.

20.2 Initiation and Pursuit of ADR Process

20.2.1 Requirement for Written Request

(1) In order to initiate the Alternative Dispute Resolution (ADR) procedure, a Market Participant must submit a written request for ADR to the General Counsel of ERCOT. ERCOT shall provide Notice to all parties to the dispute within seven Business Days of

receipt of the ADR request and shall include the ERCOT ADR and the designation of the ERCOT senior dispute representative in the Notice. For ADR proceedings that involve more than one Market Participant, each Market Participant shall provide the name and contact information of a contact point (Dispute Contact) within five Business Days of receipt of Notice from ERCOT. The written request shall include the following information:

(a) The name of the disputing Entity;

(b) The name and contact information of Dispute Contact for the disputing Entity;

(c) A description of the relief sought;

(d) A detailed description of the grounds for the relief and the basis of each claim which must, at a minimum, identify which Protocol Section(s), any other approved market guide, or related Agreement(s) that the application, implementation, interpretation of or compliance with is being challenged;

(e) A list of all parties involved in the dispute; and

(f) Designation of a senior dispute representative to represent the disputing Entity under Section 20.3, Alternative Dispute Resolution Process.

(2) In addition to the foregoing requirements, for ADR proceedings involving Settlement disputes submitted pursuant to Section 9.14, Settlement and Billing Dispute Process, or for which the Market Participant seeks a monetary resolution, the Market Participant shall include the following additional information:

(a) Operating Day(s) involved in the dispute;

(b) Settlement dispute number; and,

(c) Amount in dispute (*i.e*. the additional compensation requested by the Market Participant).

20.2.2 Deadline for Initiating ADR Procedure

(1) For any ADR procedure invoked in connection with a Settlement and billing dispute submitted pursuant to Section 9.14, Settlement and Billing Disputes, the Market Participant submitting the dispute must provide Notice to the General Counsel of ERCOT (as set forth in Section 20.2.1, Requirement for Written Request) within 45 days of the date that ERCOT denied the Market Participant's Settlement and billing dispute. ERCOT shall post the dispute resolution date on the portion of the Market Information System (MIS) used for the processing of disputes.

(2) For any ADR procedure invoked in connection with a disagreement arising from a Data Extract Variance Process, the Market Participant submitting the ADR request must

provide Notice to the General Counsel of ERCOT (as set forth in Section 20.2.1) no later than 45 days after issuance of the True-Up Statement for the applicable Operating Day.

(3) For any ADR procedure invoked in connection with any other matter that is not subject to this Section, the Market Participant submitting the dispute must provide Notice to the General Counsel of ERCOT (as set forth in Section 20.2.1) within six months of the date on which information giving rise to the ADR request became available to the Market Participant.

20.2.3 Failure to Pursue ADR Procedure

If the Market Participant that requested the ADR fails to diligently pursue its claim, ERCOT shall send a Notification to the Market Participant's Dispute Contact setting forth a deadline within which the Market Participant must respond in order to preserve its rights. The deadline shall be no less than 15 days from the date ERCOT sends the Notification. If the Market Participant fails to timely respond to two such Notifications by ERCOT, the Market Participant will be deemed to have waived its rights and the ADR shall be deemed closed. An affirmative statement in writing (including e-mail) that the Market Participant intends to pursue the ADR and a recommended course of action, including a proposed timeline, shall preserve the Market Participant's rights.

20.3 Alternative Dispute Resolution Process

(1) Any dispute subject to Alternative Dispute Resolution (ADR) as described in this Section shall first be referred to a senior dispute representative of each of the parties to the dispute. Designation of a senior dispute representative is accomplished pursuant to Section 20.2.1, Requirement for Written Request. The senior dispute representative shall be an individual with authority to resolve the dispute and administer the resolution (through delegation or otherwise). Such representatives shall make a good faith effort to resolve the dispute informally as promptly as practicable. A disputing party may change its senior dispute representative upon reasonable written notice to all parties though such redesignation shall not extend any of the ADR timelines.

(2) The parties to the dispute will arrange a mutually convenient time and place for a meeting, with the initial dispute resolution meeting taking place no later than 60 days (unless all parties agree to an extension of time) from the date ERCOT provides Notice of receipt of the ADR request pursuant to Section 20.2.1, Requirement for Written Request.

(3) If the senior dispute representatives cannot resolve the dispute by mutual agreement within 45 days after the initial senior dispute resolution meeting (unless all parties agree in writing to an extension of time), then the dispute shall be referred to one of the following:

(a) Mediation on the agreement of all parties pursuant to Section 20.4, Mediation Procedures; or

(b) Arbitration on the agreement of all parties pursuant to Section 20.5, Arbitration Procedures.

(4) When ERCOT is a party to the dispute and the parties have not mutually agreed to mediation or arbitration prior to the expiration of the 45 day period following the initial senior dispute resolution meeting described above or the expiration of the agreed extension period (if any), the ADR Procedure shall be deemed to be complete and any party opposing such referral to the Public Utility Commission of Texas (PUCT) shall not do so on the basis that ADR has not been exhausted. Alternatively, the parties may elect to waive the ADR Procedure by written agreement which will also complete the ADR Procedure. Upon completion of the ADR Procedure, the time periods for appeal of the ADR that are set forth in the applicable PUCT Substantive Rules shall apply.

20.4 Mediation Procedures

(1) The parties shall agree on a mediator who has no past or present official, financial, or personal conflict of interest with respect to the issues or parties in dispute, unless the interest is fully disclosed in writing to all participants in the dispute and all such participants waive in writing any objection to the conflict of interest. If the parties are unable to agree on a mediator within ten days of the agreement to mediate, then the Commercial Mediation Rules of the American Arbitration Association (AAA) will be used to select the mediator.

(2) The mediator and senior dispute representatives of the parties shall commence mediation of the dispute within ten days after the mediator's date of appointment. Communications regarding mediation shall be confidential and shall not be referred to or disclosed in any subsequent proceeding. The mediator shall aid the parties in reaching a mutually acceptable resolution of the dispute. The mediator shall have no authority to impose a resolution on the parties. If the parties have not resolved the dispute within 30 days of the first meeting with the mediator, such parties shall be deemed to be at impasse and the dispute may be submitted to arbitration on agreement of all parties. If such agreement regarding submission to arbitration cannot be reached, any of the parties may apply for relief to the Public Utility Commission of Texas (PUCT), or any other Governmental Authority.

20.5 Arbitration Procedures

20.5.1 Initiation of Arbitration

(1) If all the parties have agreed to arbitrate as provided in this Section, any party to the dispute may initiate arbitration by serving a Notice of arbitration, by first class mail certified with return receipt requested, courier service or facsimile, on the other party or parties to the dispute. The Notice of arbitration shall include:

(a) A statement of claims;

(b) A description of the relief sought;

(c) A brief summary of grounds for relief and basis of each claim;

(d) A list of all parties involved in the dispute; and

(e) A description of the good faith efforts made to resolve the dispute under the informal dispute resolution procedures under this Section.

(2) Even if ERCOT is not a party to the dispute, a copy of the Notice of arbitration shall be served on the General Counsel of ERCOT. Arbitration proceedings shall be deemed to commence on the date on which the Notice of arbitration is received by the non-filing parties.

(3) Each non-filing party shall file a response to the statement of the claim, and shall submit any counterclaims, within ten days of receiving the Notice of arbitration. The responses and any counterclaims shall be served on the General Counsel of ERCOT and all parties to the arbitration.

20.5.2 Selection of Arbitrators

(1) Within seven days after the response to the statement of the claim is filed, the parties to the arbitration shall meet to discuss the selection of an arbitrator.

(2) Arbitration shall, if possible, be conducted before a single neutral arbitrator appointed by the parties. If the parties fail to agree on a single arbitrator within seven days of their initial meeting, each party shall choose one arbitrator who shall sit on a three-member arbitration panel. If there are more than two parties to the dispute, the parties filing the Notice of arbitration shall jointly select one arbitrator and the non-filing parties shall select another. The two arbitrators so chosen shall within seven days select a third arbitrator to chair the arbitration panel. If the two arbitrators are unable to agree on a third arbitrator to chair the panel, the two arbitrators shall be dismissed, and either party may seek resolution by the Public Utility Commission of Texas (PUCT), or any other Governmental Authority. However, if agreed in writing by the parties, each may appoint a replacement arbitrator, and the two replacement arbitrators shall within seven days select a third arbitrator to chair the panel.

(3) Arbitrators shall have no past or current official, financial, or personal conflict of interest with respect to the issues in dispute or parties, unless the interest is fully disclosed in writing to all participants and all participants waive in writing any objection to the conflict of interest.

(4) No party shall have any ex-parte communication with an arbitrator or proposed arbitrator subsequent to the time such person is proposed as an arbitrator and prior to completion of the arbitration process.

20.5.3 Intervention

(1) As soon as practicable after appointment of the arbitrator or the arbitration panel, the arbitrators shall submit to the General Counsel of ERCOT a summary of the dispute (which summary shall not include information claimed to be confidential, proprietary, or Customer-specific), which ERCOT shall post to the Market Information System (MIS) Secure Area. The summary by the arbitrators shall also specify a date for filing of interventions.

(2) An Entity seeking intervention must demonstrate that its rights or interests would be materially affected by the outcome of the arbitration and that it is subject to such outcome, and that it is subject to comparable facts and circumstances to those in dispute. Each party shall have an opportunity to respond to intervention requests. The arbitrators shall have full authority to grant, deny, or condition requests for intervention, including conferring party status on an Entity.

(3) Any Entity seeking to intervene in arbitration must agree to be bound by the Alternative Dispute Resolution (ADR) procedure of this Section and by the decision of the arbitrators, or of any tribunal to which the decision is appealed, to the same extent as the parties to the arbitration. Intervenors shall share in the costs of the arbitration to the same extent as the other parties to the arbitration.

20.5.4 Conduct of Arbitration

Except as otherwise provided herein, the arbitrators have full discretion over the conduct of hearings, briefing, scheduling, discovery, and other procedural matters. The arbitrators shall provide each of the parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the American Arbitrators Association (AAA) Commercial Arbitration Rules and any applicable rules and regulations of the Public Utility Commission of Texas (PUCT) or any other tribunal having jurisdiction. In the event of a conflict between the AAA Commercial Arbitration Rules and rules and regulations of the PUCT or any other Governmental Authority, the rules and regulations of the PUCT or any other Governmental Authority having appropriate jurisdiction shall control. In the event of a conflict between the AAA Commercial Arbitration Rules and this ADR procedure, the procedures set forth in this Section shall control. In addition:

(a) The arbitrators shall allow reasonable opportunity for discovery.

(b) In conducting hearings, the arbitrators shall apply the rules of evidence (including claims of privilege) to the same extent as such rules would be applied by the PUCT or any other Governmental Authority.

(c) To the extent permitted by law, the arbitrators shall take appropriate actions to preserve the confidentiality of information claimed by a party to be confidential, proprietary or Customer-specific.

20.5.5 Arbitration Decisions

(1) The arbitrators shall be authorized only to interpret and apply the provisions of applicable statutory authority (including but not limited to the Public Utility Regulatory Act (PURA) or the Federal Power Act (FPA)), applicable rules, regulations and policies of regulatory authorities having jurisdiction (the PUCT or any other Governmental Authority), and these Protocols and related Agreements, and shall have no power to modify or change any of the foregoing.

(2) Within 120 days of appointment, the arbitrators shall render a final decision resolving the dispute. Such decision shall be based on the evidence in the record, the terms of the relevant Agreements and these Protocols, applicable statutes (including but not limited to PURA or the FPA), and applicable rules, regulations, and policies of the regulatory authority having jurisdiction (the PUCT or any other Governmental Authority). Such decision shall be in writing and shall provide the reasons therefore. The arbitrators may agree with the positions of one or more parties or may adopt a different resolution. The arbitrator shall not have authority to grant punitive damages. If the decision is not rendered within 120 days of appointment, the arbitrators shall forfeit their fee and any of the parties may apply for relief to the PUCT or any other Governmental Authority having jurisdiction or to any court of competent jurisdiction.

(3) If the decision of the arbitrators is not timely appealed as provided in Section 20.5.6, Appeal of Arbitration Decision, the decision shall be final and binding on the parties. The parties shall take whatever action is required to comply with the decision, and judgment on the decision may be entered and enforced in any court having jurisdiction. Unless appealed, the final decision is binding precedent on the parties and intervenors with respect to the subject matter of the dispute, but is otherwise of no precedential force or effect.

20.5.6 Appeal of Arbitration Decision

(1) Any party to an arbitration under this Section may appeal an arbitration decision to the applicable authority (the PUCT or any Governmental Authority) by providing written notice to that effect to all other parties and intervenors in the arbitration, the arbitrators, ERCOT (if not otherwise served), and the applicable regulatory authority, no later than 30 days following the date the arbitration decision is issued.

(2) A party to arbitration under this Section may appeal the decision of the arbitrators only on the following grounds:

(a) An arbitrator failed to disclose a conflict of interest with one or more of the parties to the dispute, and the decision is substantially biased as a result of the undisclosed conflict;

(b) The decision is inconsistent with, or beyond the scope of, the relevant Agreements or these Protocols; or

(c) The decision is unjust, unreasonable, unduly discriminatory or preferential, or otherwise inconsistent with applicable statutes or with applicable rules, regulations and policies of the authority having jurisdiction (the PUCT or any other Governmental Authority).

(3) Any appeal of an arbitration decision shall be based solely on the record assembled by the arbitrators, unless all parties to the dispute agree in writing to reopen the record for a specified purpose. ERCOT and Market Participants intend that in any appeal, the applicable regulatory authority should accord substantial deference to the factual findings of the arbitrators.

(4) During the pendency of an appeal, the effect of the arbitration decision shall be stayed, unless the disputing parties otherwise agree.

(5) Agreement to these appellate review procedures shall be a precondition for intervention by an Entity other than ERCOT or a Market Participant in an arbitration proceeding under this Section.

20.6 Dispute Resolution Costs

(1) Each party shall be responsible for its own costs incurred during an Alternative Dispute Resolution (ADR) procedure and for a pro rata share of the cost of the mediator or arbitrators. The pro rata share will be based on the number of parties.

(2) The arbitrators may impose costs against an offending party if the arbitrators conclude that the party has abused the ADR procedure.

20.7 Requests for Data

(1) If, as part of the Alternative Dispute Resolution (ADR) procedure, a party requests documents or data from another party to the ADR, the responding party must provide within 15 days of the request either:

(a) The requested documents or data;

(b) An explanation of why the party believes the documents or data should not be produced (*e.g.* relevance); or,

(c) An explanation of why the information cannot be provided on that date and a reasonable date on which the documents or data will be produced.

(2) Additionally, if the ADR proceeds to mediation or arbitration, a party may request that arbitrator or mediator decide if documents or data are relevant to the ADR and, if it is relevant to the ADR, the document or data must be provided by the other party within a timeframe specified by the mediator or arbitrator.

(3) ERCOT and Market Participants will protect from public disclosure any and all Protected Information provided in response to the ADR procedure pursuant to a mutually agreeable confidentiality agreement.

(4) All information provided pursuant to this subsection may be provided by mail, facsimile, or other electronic communications.

20.8 Resolution of Disputes and Notification to Market Participants

(1) Upon resolution of an Alternative Dispute Resolution (ADR) claim, ERCOT and/or the Market Participants must enter into a written dispute resolution agreement disposing of the Market Participant's claim.

(2) ERCOT shall send a Notification of the negotiated settlement amount and the manner in which the resulting overpayments or underpayments will be allocated to the appropriate Settlement Statement and Invoice Recipients, including the specific Settlement Statements and Invoices that will be affected. The Notification shall provide details including, but not limited to, the Operating Day, service type, total amount of the adjustment to the market and total adjustment to the Invoice Recipient.

(3) In the event a determination is made that there has been an error in ERCOT's processes, procedures, or systems that resulted in overpayments or underpayments to one or more Market Participants, the Chief Executive Officer (CEO) of ERCOT may negotiate a resolution to a dispute arising from such error in a manner that deviates from the normal application of the Protocols in order to settle the dispute under this ADR procedure with the approval of the ERCOT Board. These occurrences will be subject to the requirements of Section 9.2.6, Notice of Resettlement for the DAM, or Section 9.5.7, Notice of Resettlement for the Real-Time Market.

20.9 Settlement of Approved Alternative Dispute Resolution Claims

20.9.1 Adjustments Based on Alternative Dispute Resolution

(1) If Resettlement is possible to address an adjustment required by an Alternative Dispute Resolution (ADR) resolution, ERCOT shall issue a Resettlement Statement for the affected Operating Day(s) and shall adjust applicable timelines accordingly.

(2) If a resettlement is not practical or possible to address an adjustment required by an ADR resolution, ERCOT shall make the adjustments through a separate ADR Invoice that is produced outside of the normal Settlement system. The appropriate payments and charges, along with settlement quality information, shall be supplied to all Market Participants. Any dispute resolution amount greater than $5,000,000 shall be divided so that no one ADR Invoice has more than $5,000,000 in ADR adjustments and such ADR Invoices shall be issued at least 14 days apart from each other. Payments will be due on the date specified on the ADR Invoice. Any short and late payments will be handled

pursuant to Sections 9.4.5, Late Fees and Late Fee Invoices for the DAM, 9.7.4, Late Fees and Late Fee Invoices for the RTM, and 9.19, Partial Payments by Invoice Recipients.

20.9.2 Charges for Approved ADR Claim

The charges assigned to Market Participants to pay for an approved ADR claim will be settled on the same Settlement Statement as set forth in Section 20.9.1, Adjustments Based on Alternative Dispute Resolution. ERCOT will assign the costs for the approved ADR claim according to the appropriate allocation for the market service in dispute as outlined in Section 6.9, Settlement for ERCOT-Provided Ancillary Services; Section 7.4, Congestion Management for Local Congestion; and, other Protocol Sections as appropriate. Charges that are necessary relating to other types of dispute resolution will be made in pursuant to the directives of the Protocols.

ERCOT Nodal Protocols

Section 21: Revision Request Process

April 1, 2013

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21 REVISION REQUEST PROCESS

21.1 Introduction

(1) A request to make additions, edits, deletions, revisions, or clarifications to these Protocols, including any attachments and exhibits to these Protocols, is called a Nodal Protocol Revision Request (NPRR). Except as specifically provided otherwise in the following sentence or in other sections of these Protocols, Sections 21.2, Submission of a Nodal Protocol Revision Request or System Change Request, through 21.8, Review of Guide Changes, apply to all NPRRs. ERCOT Members, Market Participants, Public Utility Commission of Texas (PUCT) Staff, Texas Reliability Entity (Texas RE) Staff, ERCOT, and any other Entities are required to utilize the process described herein prior to requesting, through the PUCT or other Governmental Authority, that ERCOT make a change to these Protocols, except for good cause shown to the PUCT or other Governmental Authority.

(2) A request that ERCOT change its computer systems that does not require a revision to the Protocols is called a System Change Request (SCR). Except as specifically provided in other sections of these Protocols, Sections 21.2 through 21.7, Review of Project Prioritization and Annual Budget Process, apply to all SCRs.

(3) The "next regularly scheduled meeting" of the Protocol Revision Subcommittee (PRS), the Technical Advisory Committee (TAC), an Assigned TAC Subcommittee (as defined below), or the ERCOT Board shall mean the next regularly scheduled meeting for which required notice can be timely given regarding the item(s) to be addressed, as specified in the appropriate ERCOT Board or committee procedures.

(4) ERCOT may make non-substantive corrections at any time during the processing of a particular NPRR. Under certain circumstances, however, the Nodal Protocols can also be revised by ERCOT rather than using the NPRR process outlined in Section 21.4, Nodal Protocol Revision and System Change Procedure.

(a) This type of revision is referred to as an "Administrative NPRR" or "Administrative Changes" and shall consist of non-substantive corrections, such as typos (excluding grammatical changes), internal references (including table of contents), improper use of acronyms, and references to ERCOT Protocols, PUCT Substantive Rules, the Public Utility Regulatory Act (PURA), North American Electric Reliability Corporation (NERC) regulations, Federal Energy Regulatory Commission (FERC) rules, etc. Changes to the minimum ERCOT Planning Reserve Margin (PRM) in Section 3.2.6.1, Minimum ERCOT Planning Reserve Margin Criterion, approved by the ERCOT Board, shall also be processed as Administrative NPRRs.

(b) ERCOT shall post such Administrative NPRRs to the ERCOT website and distribute the NPRR to PRS at least ten Business Days before implementation. If no Entity submits comments to the Administrative NPRR in accordance with paragraph (1) of Section 21.4.4, Protocol Revision Subcommittee Review and

Action, ERCOT shall implement it according to paragraph (4) of Section 21.6, Nodal Protocol Revision Implementation. If any ERCOT Member, Market Participant, PUCT Staff, Texas RE Staff or ERCOT submits comments to the Administrative NPRR, then it shall be processed in accordance with the NPRR process outlined in Section 21.4.

21.2 Submission of a Nodal Protocol Revision Request or System Change Request

The following Entities may submit a Nodal Protocol Revision Request (NPRR) or System Change Request (SCR) ("Revision Request"):

(a) Any Market Participant;

(b) Any ERCOT Member;

(c) Public Utility Commission of Texas (PUCT) Staff;

(d) Texas Reliability Entity (Texas RE) Staff;

(e) ERCOT; and

(f) Any other Entity that meets the following qualifications:

(i) Resides (or represents residents) in Texas or operates in the Texas electricity market; and

(ii) Demonstrates that Entity (or those it represents) is affected by the Customer Registration or Renewable Energy Credit (REC) Trading Program sections of these Protocols.

21.3 Protocol Revision Subcommittee

(1) The Protocol Revision Subcommittee (PRS) shall review and recommend action on formally submitted Nodal Protocol Revision Requests (NPRRs) and System Change Requests (SCRs) ("Revision Requests") provided that:

(a) PRS meetings are open to ERCOT, ERCOT Members, Market Participants, Texas Reliability Entity (Texas RE) Staff, and the Public Utility Commission of Texas (PUCT) Staff;

(b) Each Market Segment is allowed to participate; and

(c) Each Market Segment has equal voting power.

(2) Where additional expertise is needed, the PRS may refer a Revision Request to working groups or task forces that it creates or to existing Technical Advisory Committee (TAC) subcommittees, working groups or task forces for review and comment on the Revision

Request. Suggested modifications—or alternative modifications if a consensus recommendation is not achieved by a non-voting working group or task force—to the Revision Request should be submitted by the chair or the chair's designee on behalf of the subcommittee, working group or task force as comments on the Revision Request for consideration by PRS. However, the PRS shall retain ultimate responsibility for the processing of all Revision Requests.

(3) ERCOT shall consult with the PRS chair to coordinate and establish the meeting schedule for the PRS. The PRS shall meet at least once per month and shall ensure that reasonable advance notice of each meeting, including the meeting agenda, is posted on the ERCOT website.

21.4 Nodal Protocol Revision and System Change Procedure

21.4.1 Review and Posting of Nodal Protocol Revision Requests

(1) Nodal Protocol Revision Requests (NPRRs) shall be submitted electronically to ERCOT by completing the designated form provided on the ERCOT website. ERCOT shall provide an electronic return receipt response to the submitter upon receipt of the NPRR.

(2) The NPRR shall include the following information:

(a) Description of requested revision and reason for suggested change;

(b) Impacts and benefits of the suggested change on ERCOT market structure, ERCOT operations, and Market Participants, to the extent that the submitter may know this information;

(c) Impact Analysis (applicable only for an NPRR submitted by ERCOT);

(d) List of affected Nodal Protocol Sections and subsections;

(e) General administrative information (organization, contact name, etc.); and

(f) Suggested language for requested revision.

(3) ERCOT shall evaluate the NPRR for completeness and shall notify the submitter, within five Business Days of receipt, if the NPRR is incomplete, including the reasons for such status. ERCOT may provide information to the submitter that will correct the NPRR and render it complete. An incomplete NPRR shall not receive further consideration until it is completed. In order to pursue the NPRR, a submitter must submit a completed version of the NPRR.

(4) If a submitted NPRR is complete or once an NPRR is completed, ERCOT shall post the NPRR on the ERCOT website and distribute to the Protocol Revision Subcommittee (PRS) within three Business Days.

21.4.2 Review and Posting of System Change Requests

(1) System Change Requests (SCRs) shall be submitted electronically to ERCOT by completing the designated form provided on the ERCOT website. ERCOT shall provide an electronic return receipt response to the submitter upon receipt of the SCR.

(2) The SCR shall include the following information:

(a) Description of desired additional system functionality or the additional information desired and reason for suggested change;

(b) Impacts and benefits of the suggested change to ERCOT market structure, ERCOT operations and Market Participants, to the extent that submitter may know this information;

(c) Impact Analysis (applicable only for an SCR submitted by ERCOT); and

(d) General administrative information (organization, contact name, etc.).

(3) ERCOT shall evaluate the SCR to determine whether the request should be submitted as an NPRR. If ERCOT determines that the SCR should be submitted as an NPRR, ERCOT will notify the submitter within five Business Days of receipt, and the submitter shall withdraw its SCR and may submit an NPRR in its place.

(4) ERCOT shall evaluate the SCR for completeness and shall notify the submitter, within five Business Days of receipt, if the SCR is incomplete, including the reasons for such status. ERCOT may provide information to the submitter that will correct the SCR and render it complete. An incomplete SCR shall not receive further consideration until it is completed. In order to pursue the SCR requested, the submitting Entity must submit a completed version of the SCR.

(5) If a submitted SCR is complete or upon completion of an SCR, ERCOT shall post the SCR to the ERCOT website and distribute to the PRS within three Business Days.

21.4.3 Withdrawal of a Nodal Protocol Revision Request or System Change Request

(1) A submitter may withdraw or request to withdraw an NPRR or SCR ("Revision Request") by submitting a completed Request for Withdrawal form provided on the ERCOT website. ERCOT shall post the submitter's Request for Withdrawal on the ERCOT website within three Business Days of submittal.

(2) The submitter of a Revision Request may withdraw the Revision Request at any time before PRS recommends approval of the Revision Request. If PRS has recommended approval of the Revision Request, the request for withdrawal must be approved by the Technical Advisory Committee (TAC) if the Revision Request has not yet been recommended for approval by TAC. If TAC has recommended approval of the Revision Request, the request for withdrawal must be approved by the ERCOT Board if the

Revision Request has not yet been approved by the ERCOT Board. Once approved by the ERCOT Board, a Revision Request cannot be withdrawn.

21.4.4 Protocol Revision Subcommittee Review and Action

(1) Any ERCOT Member, Market Participant, the Public Utility Commission of Texas (PUCT) Staff, Texas Reliability Entity (Texas RE) Staff or ERCOT may comment on a Revision Request.

(2) To receive consideration, comments must be delivered electronically to ERCOT in the designated format provided on the ERCOT website within 14 days from the posting date of the Revision Request. Comments submitted after the 14 day comment period may be considered at the discretion of PRS after these comments have been posted. Comments submitted in accordance with the instructions on the ERCOT website—regardless of date of submission—shall be posted to the ERCOT website and distributed electronically to the PRS within three Business Days of submittal.

(3) The PRS shall consider the Revision Request at its next regularly scheduled meeting after the end of the 14 day comment period. At such meeting, the PRS may take action on the Revision Request. The quorum and voting requirements for PRS action are set forth in the Technical Advisory Committee Procedures. In considering action on a Revision Request, PRS may:

(a) Recommend approval of the Revision Request as submitted or as modified;

(b) Reject the Revision Request;

(c) Defer decision on the Revision Request; or

(d) Refer the Revision Request to another TAC subcommittee, working group, or task force as provided in Section 21.3, Protocol Revision Subcommittee.

(4) If a motion is made to recommend approval of a Revision Request and that motion fails, the Revision Request shall be deemed rejected by PRS unless at the same meeting PRS later votes to recommend approval of, defer, or refer the Revision Request. The rejected Revision Request shall be subject to appeal pursuant to Section 21.4.11.1, Appeal of Protocol Revision Subcommittee Action.

(5) Within three Business Days after PRS takes action, ERCOT shall issue a PRS Report reflecting the PRS action and post it to the ERCOT website. The PRS Report shall contain the following items:

(a) Identification of submitter;

(b) Protocol language or summary of requested changes to ERCOT systems, recommended by the PRS, if applicable;

(c) Identification of authorship of comments, if applicable;

(d) Proposed effective date of the Revision Request;

(e) Priority and rank for any Revision Requests requiring an ERCOT project for implementation; and

(f) PRS action.

(6) The PRS chair shall notify TAC of Revision Requests rejected by PRS.

21.4.5 Comments to the Protocol Revision Subcommittee Report

(1) Any ERCOT Member, Market Participant, PUCT Staff, Texas RE Staff or ERCOT may comment on the PRS Report. Within three Business Days of receipt of comments related to the PRS Report, ERCOT shall post such comments to the ERCOT website. Comments submitted in accordance with the instructions on the ERCOT website—regardless of date of submission—shall be posted on the ERCOT website within three Business Days of submittal.

(2) The comments on the PRS Report will be considered at the next regularly scheduled PRS or TAC meeting where the Revision Request is being considered.

21.4.6 Revision Request Impact Analysis

(1) ERCOT shall submit to PRS an initial Impact Analysis with any ERCOT-sponsored Revision Request. The initial Impact Analysis will provide PRS with guidance as to what ERCOT computer systems, operations, or business functions could be affected by the Revision Request as submitted.

(2) If PRS recommends approval of a Revision Request, ERCOT shall prepare an Impact Analysis based on the proposed language or proposed system changes in the PRS Report. If ERCOT has already prepared an Impact Analysis, ERCOT shall update the existing Impact Analysis, if necessary, to accommodate the language or system changes recommended for approval in the PRS Report.

(3) The Impact Analysis shall assess the impact of the proposed Revision Request on ERCOT staffing, computer systems, operations, or business functions and shall contain the following information:

(a) An estimate of any cost and budgetary impacts to ERCOT for both implementation and on-going operations;

(b) The estimated amount of time required to implement the Revision Request;

(c) The identification of alternatives to the Revision Request that may result in more efficient implementation; and

(d) The identification of any manual workarounds that may be used as an interim solution and estimated costs of the workaround.

(4) Unless a longer review period is warranted due to the complexity of the proposed PRS Report, ERCOT shall issue an Impact Analysis for a Revision Request for which PRS has recommended approval of prior to the next regularly scheduled PRS meeting. ERCOT shall post the results of the completed Impact Analysis on the ERCOT website. If a longer review period is required by ERCOT to complete an Impact Analysis, ERCOT shall submit comments with a schedule for completion of the Impact Analysis to the PRS.

21.4.7 Protocol Revision Subcommittee Review of Impact Analysis

(1) After ERCOT posts the results of the Impact Analysis, PRS shall review the Impact Analysis at its next regularly scheduled meeting. PRS may revise its PRS Report after considering the information included in the Impact Analysis or additional comments received on the PRS Report.

(2) After consideration of the Impact Analysis and the PRS Report, ERCOT shall issue a revised PRS Report and post it on the ERCOT website within three Business Days of the PRS consideration of the Impact Analysis and the PRS Report. If PRS revises the proposed Revision Request, ERCOT shall update the Impact Analysis, if necessary, and issue the updated Impact Analysis to the TAC. If a longer review period is required for ERCOT to update the Impact Analysis, ERCOT shall submit comments with a schedule for completion of the Impact Analysis to the TAC.

(3) If the Revision Request requires an ERCOT project for implementation, at the same meeting, PRS shall assign a recommended priority and rank for the associated project.

21.4.8 Technical Advisory Committee Vote

(1) TAC shall consider any Revision Requests that PRS has submitted to TAC for consideration for which both a PRS Report and an Impact Analysis (as updated if modified by PRS under Section 21.4.7, Protocol Revision Subcommittee Review of Impact Analysis) have been posted on the ERCOT website. The following information must be included for each Revision Request considered by TAC:

(a) The PRS Report and Impact Analysis;

(b) The recommended PRS priority and rank, if an ERCOT project is required; and

(c) Any comments timely received in response to the PRS Report.

(2) The quorum and voting requirements for TAC action are set forth in the Technical Advisory Committee Procedures. In considering action on a PRS Report, TAC shall:

(a) Recommend approval of the Revision Request as recommended in the PRS Report or as modified by TAC, including modification of the recommended priority and rank if the Revision Request requires a project;

(b) Reject the Revision Request;

(c) Defer decision on the Revision Request;

(d) Remand the Revision Request to PRS with instructions; or

(e) Refer the Revision Request to another TAC subcommittee or a TAC working group or task force with instructions.

(3) If a motion is made to recommend approval of a Revision Request and that motion fails, the Revision Request shall be deemed rejected by TAC unless at the same meeting TAC later votes to recommend approval of, defer, remand, or refer the Revision Request. If a motion to recommend approval of a Revision Request fails via email vote according to the Technical Advisory Committee Procedures, the Revision Request shall be deemed rejected by TAC unless at the next regularly scheduled TAC meeting or in a subsequent email vote prior to such meeting, TAC votes to recommend approval of, defer, remand, or refer the Revision Request. The rejected Revision Request shall be subject to appeal pursuant to Section 21.4.11.2, Appeal of Technical Advisory Committee Action.

(4) Within three Business Days after TAC takes action on the Revision Request, ERCOT shall issue a TAC Report reflecting the TAC action and post it on the ERCOT website. The TAC Report shall contain the following items:

(a) Identification of the submitter of the Revision Request;

(b) Modified Revision Request language proposed by TAC, if applicable;

(c) Identification of the authorship of comments;

(d) Proposed effective date(s) of the Revision Request;

(e) Priority and rank for any Revision Requests requiring an ERCOT project for implementation;

(f) PRS action;

(g) TAC action; and

(h) ERCOT's position on the Revision Request.

(5) If TAC recommends approval of a Revision Request, ERCOT shall forward the TAC Report to the ERCOT Board for consideration pursuant to Section 21.4.10, ERCOT Board Vote.

21.4.9 ERCOT Impact Analysis Based on Technical Advisory Committee Report

ERCOT shall review the TAC Report and, if necessary, update the Impact Analysis as soon as practicable. ERCOT shall issue the updated Impact Analysis, if applicable, to the ERCOT Board and post it on the ERCOT website. If a longer review period is required for ERCOT to update the Impact Analysis, ERCOT shall submit comments with a schedule for completion of the Impact Analysis to the ERCOT Board.

21.4.10 ERCOT Board Vote

(1) Upon issuance of a TAC Report and Impact Analysis to the ERCOT Board, the ERCOT Board shall review the TAC Report and the Impact Analysis at the following month's regularly scheduled meeting. For Urgent Revision Requests, the ERCOT Board shall review the TAC Report and Impact Analysis at the next regularly scheduled meeting, unless a special meeting is required due to the urgency of the Revision Request.

(2) The quorum and voting requirements for ERCOT Board action are set forth in the ERCOT Bylaws. In considering action on a TAC Report, the ERCOT Board shall:

(a) Approve the Revision Request as recommended in the TAC Report or as modified by the ERCOT Board;

(b) Reject the Revision Request;

(c) Defer decision on the Revision Request; or

(d) Remand the Revision Request to TAC with instructions.

(3) If a motion is made to approve a Revision Request and that motion fails, the Revision Request shall be deemed rejected by the ERCOT Board unless at the same meeting the ERCOT Board later votes to approve, defer, or remand the Revision Request. The rejected Revision Request shall be subject to appeal pursuant to Section 21.4.11.3, Appeal of ERCOT Board Action.

(4) Within three Business Days after the ERCOT Board takes action on a Revision Request, ERCOT shall issue a Board Report reflecting the ERCOT Board action and post it on the ERCOT website.

21.4.11 Appeal of Action

The following processes are to be used to appeal an action related to a Revision Request.

21.4.11.1 Appeal of Protocol Revision Subcommittee Action

Any ERCOT Member, Market Participant, PUCT Staff, Texas RE Staff, or ERCOT may appeal a PRS action to reject, defer or refer a Revision Request, directly to the TAC. Such appeal to the

TAC must be submitted electronically to ERCOT by completing the designated form provided on the ERCOT website within ten Business Days after the date of the relevant PRS appealable event. ERCOT shall reject appeals made after that time. ERCOT shall post appeals on the ERCOT website within three Business Days of receiving the appeal. If the appeal is submitted to ERCOT at least 11 days before the next regularly scheduled TAC meeting, ERCOT shall place the appeal on the agenda of the next regularly scheduled TAC meeting. If the appeal is submitted to ERCOT less than 11 days before the next regularly scheduled TAC meeting, the TAC will hear the appeal at the next subsequent regularly scheduled TAC meeting. An appeal of a Revision Request to TAC suspends consideration of the Revision Request until the appeal has been decided by TAC.

21.4.11.2 Appeal of Technical Advisory Committee Action

Any ERCOT Member, Market Participant, PUCT Staff, Texas RE Staff or ERCOT may appeal a TAC action to reject, defer, remand or refer a Revision Request directly to the ERCOT Board. Appeals to the ERCOT Board shall be processed in accordance with the ERCOT Board Policies and Procedures. An appeal of a Revision Request to the ERCOT Board suspends consideration of the Revision Request until the appeal has been decided by the ERCOT Board.

21.4.11.3 Appeal of ERCOT Board Action

Any ERCOT Member, Market Participant, PUCT Staff, or Texas RE Staff may appeal any decision of the ERCOT Board regarding a Revision Request to the PUCT or other Governmental Authority. Such appeal to the PUCT or other Governmental Authority must be made within any deadline prescribed by the PUCT or other Governmental Authority, but in any event no later than 35 days of the date of the relevant ERCOT Board appealable event. Notice of any appeal to the PUCT or other Governmental Authority must be provided, at the time of the appeal, to ERCOT's General Counsel. If the PUCT or other Governmental Authority rules on the Revision Request, ERCOT shall post the ruling on the ERCOT website.

21.5 Urgent and Board Priority Nodal Protocol Revision Requests and System Change Requests

(1) The party submitting a Nodal Protocol Revision Request (NPRR) or System Change Request (SCR) ("Revision Request") may request that the Revision Request be considered on an urgent timeline ("Urgent") only when the submitter can reasonably show that an existing Protocol or condition is impairing or could imminently impair ERCOT System reliability or wholesale or retail market operations, or is causing or could imminently cause a discrepancy between a settlement formula and a provision of these Protocols.

(2) The Protocol Revision Subcommittee (PRS) may designate the Revision Request for Urgent consideration upon a valid motion in a regularly scheduled meeting of the PRS or at a special meeting called by the PRS leadership. Criteria for designating a Revision Request as Urgent are that the Revision Request requires immediate attention due to:

(a) Serious concerns about ERCOT System reliability or market operations under the unmodified language or existing conditions; or

(b) The crucial nature of settlement activity conducted pursuant to any settlement formula.

(3) The ERCOT Board may designate any existing Revision Request a Board Priority Revision Request. If the ERCOT Board directs ERCOT Staff to file a Revision Request, it may further direct that a Revision Request be designated a Board Priority Revision Request. All Board Priority Revision Requests will be considered on an Urgent timeline.

(4) ERCOT shall prepare an Impact Analysis for Urgent and Board Priority Revision Requests as soon as practicable.

(5) The PRS shall consider the Urgent or Board Priority Revision Request and Impact Analysis, if available, at its next regularly scheduled meeting, or at a special meeting called by the PRS leadership to consider the Urgent or Board Priority Revision Request.

(6) If recommended for approval by PRS, ERCOT shall submit a PRS Report to the Technical Advisory Committee (TAC) within three Business Days after PRS takes action. The TAC chair may request action from TAC to accelerate or alter the procedures described herein, as needed, to address the urgency of the situation.

(7) Any Urgent or Board Priority Revision Requests shall be subject to an Impact Analysis pursuant to Section 21.4.9, ERCOT Impact Analysis Based on Technical Advisory Committee Report, and ERCOT Board consideration pursuant to Section 21.4.10, ERCOT Board Vote.

21.6 Nodal Protocol Revision Implementation

(1) Upon ERCOT Board approval, ERCOT shall implement Nodal Protocol Revision Requests (NPRRs) on the first day of the month following ERCOT Board approval, unless otherwise provided in the Board Report for the approved NPRR.

(2) For such other NPRRs, the Impact Analysis shall provide an estimated implementation date and ERCOT shall provide notice as soon as practicable, but no later than ten days prior to actual implementation, unless a different notice period is required in the Board Report for the approved NPRR.

(3) If the ERCOT Board approves changes to the Protocols, such changes shall be:

(a) Filed with the PUCT for informational purposes as soon as practicable, but no later than one day before the effective date of the changes; and

(b) Incorporated into the Protocols and posted on the MIS Public Area as soon as practicable, but no later than one day before the effective date of the changes.

(4) ERCOT shall implement an Administrative NPRR on the first day of the month following the end of the ten Business Day posting requirement outlined in Section 21.1, Introduction.

21.7 Review of Project Prioritization and Annual Budget Process

(1) The Protocol Revision Subcommittee (PRS) shall recommend to the Technical Advisory Committee (TAC) an assignment of a project priority for each approved Nodal Protocol Revision Request (NPRR) and System Change Request (SCR) ("Revision Request") that requires an associated project.

(2) Annually during the ERCOT budget process, the PRS shall review the priority of all market-requested projects and recommend new or revised project priorities for market-requested projects.

(3) TAC shall consider the project priority of each Revision Request and make recommendations to the ERCOT Board.

(4) The ERCOT Board shall take one of the following actions regarding the project prioritization recommended by TAC:

(a) Approve the TAC recommendation as originally submitted or as modified by the ERCOT Board;

(b) Reject the TAC recommendation;

(c) Remand the TAC recommendation to TAC with instructions; or

(d) Defer consideration of the TAC recommendation.

21.8 Review of Guide Changes

The revision process for the ERCOT market guides shall be governed by the individual guides and assigned subcommittees. The Protocol Revision Subcommittee (PRS) shall review changes to market guides proposed by other subcommittees that may conflict with existing Protocols and report the results of its review to the submitting subcommittee.

ERCOT Nodal Protocols

Section 22

Attachment A: Standard Form Market Participant Agreement

March 4, 2013

Standard Form Market Participant Agreement
Between
Participant
and
Electric Reliability Council of Texas, Inc.

This Market Participant Agreement ("Agreement"), effective as of the_____ day of _____,_____ ("Effective Date"), is entered into by and between [Participant], a [State of Registration and Entity Type] ("Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").

Recitals

WHEREAS:

A. As defined in the ERCOT Protocols, Participant is a (check all that apply):

☐ Load Serving Entity (LSE)

☐ Qualified Scheduling Entity (QSE)

☐ Transmission Service Provider (TSP)

☐ Distribution Service Provider (DSP)

☐ Congestion Revenue Right (CRR) Account Holder

☐ Resource Entity

☐ Renewable Energy Credit (REC) Account Holder

☐ Independent Market Information System Registered Entity (IMRE)

B. ERCOT is the Independent Organization certified under PURA §39.151 for the ERCOT Region; and

C. The Parties enter into this Agreement in order to establish the terms and conditions by which ERCOT and Participant will discharge their respective duties and responsibilities under the ERCOT Protocols.

Agreements

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, ERCOT and Participant (the "Parties") hereby agree as follows:

Section 1. Notice.

All notices required to be given under this Agreement shall be in writing, and shall be deemed delivered three (3) days after being deposited in the U.S. mail, first class postage prepaid, registered (or certified) mail, return receipt requested, addressed to the other Party at the address specified in this Agreement or shall be deemed delivered on the day of receipt if sent in another manner requiring a signed receipt, such as courier delivery or overnight delivery service. Either Party may change its address for such notices by delivering to the other Party a written notice referring specifically to this Agreement. Notices required under the ERCOT Protocols shall be in accordance with the applicable Section of the ERCOT Protocols.

If to ERCOT:

Electric Reliability Council of Texas, Inc.
Attn: Legal Department
7620 Metro Center Drive
Austin, Texas 78744-1654
Telephone: (512) 225-7000
Facsimile: (512) 225-7079

If to Participant:

[Participant Name]
[Contact Person/Dept.]
[Street Address]
[City, State Zip]
[Telephone]
[Facsimile]

Section 2. Definitions.

A. Unless herein defined, all definitions and acronyms found in the ERCOT Protocols shall be incorporated by reference into this Agreement.

B. "ERCOT Protocols" shall mean the document adopted by ERCOT, including any attachments or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and settlement (including customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT. For the purposes of determining responsibilities and rights at a given time, the ERCOT Protocols, as amended in accordance with the change procedure(s) described in the ERCOT Protocols, in effect at the time of the performance or non-performance of an action, shall govern with respect to that action.

Section 3. Term and Termination.

A. Term. The initial term ("Initial Term") of this Agreement shall commence on the Effective Date and continue until the last day of the month which is twelve (12) months from the Effective Date. After the Initial Term, this Agreement shall automatically renew for one-

year terms (a "Renewal Term") unless the standard form of this Agreement contained in the ERCOT Protocols has been modified by a change to the ERCOT Protocols. If the standard form of this Agreement has been so modified, then this Agreement will terminate upon the effective date of the replacement agreement This Agreement may also be terminated during the Initial Term or the then-current Renewal Term in accordance with this Agreement.

B. Termination by Participant. Participant may, at its option, terminate this Agreement:

(1) Immediately upon the failure of ERCOT to continue to be certified by the PUCT as the Independent Organization under PURA §39.151 without the immediate certification of another Independent Organization under PURA §39.151;

(2) If the "REC Account Holder" box is checked in Section A. of the *Recitals* section of this Agreement, Participant may, at its option, terminate this Agreement immediately if the PUCT ceases to certify ERCOT as the Entity approved by the PUCT ("Program Administrator") for carrying out the administrative responsibilities related to the Renewable Energy Credit Program as set forth in PUC Substantive Rule 25.173(g) without the immediate certification of another Program Administrator under PURA §39.151; or

(3) For any other reason at any time upon thirty days written notice to ERCOT.

C. Effect of Termination and Survival of Terms. If this Agreement is terminated by a Party pursuant to the terms hereof, the rights and obligations of the Parties hereunder shall terminate, except that the rights and obligations of the Parties that have accrued under this Agreement prior to the date of termination shall survive.

Section 4. Representations, Warranties, and Covenants.

A. Participant represents, warrants, and covenants that:

(1) Participant is duly organized, validly existing and in good standing under the laws of the jurisdiction under which it is organized and is authorized to do business in Texas;

(2) Participant has full power and authority to enter into this Agreement and perform all obligations, representations, warranties and covenants under this Agreement;

(3) Participant's past, present and future agreements or Participant's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which Participant is a party or by which its assets or properties are bound do not materially affect performance of Participant's obligations under this Agreement;

(4) Market Participant's execution, delivery and performance of this Agreement by Participant have been duly authorized by all requisite action of its governing body;

(5) Except as set out in an exhibit (if any) to this Agreement, ERCOT has not, within the twenty-four (24) months preceding the Effective Date, terminated for Default any Prior Agreement with Participant, any company of which Participant is a successor in interest, or any Affiliate of Participant;

(6) If any Defaults are disclosed on any such exhibit mentioned in subsection 4(A)(5), either (a) ERCOT has been paid, before execution of this Agreement, all sums due to it in relation to such Prior Agreement, or (b) ERCOT, in its reasonable judgment, has determined that this Agreement is necessary for system reliability and Participant has made alternate arrangements satisfactory to ERCOT for the resolution of the Default under the Prior Agreement;

(7) Participant has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(8) Participant is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(9) Participant is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt;

(10) Participant acknowledges that it has received and is familiar with the ERCOT Protocols; and

(11) Participant acknowledges and affirms that the foregoing representations, warranties and covenants are continuing in nature throughout the term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Participant's performance of its obligations under this Agreement.

B. ERCOT represents, warrants and covenants that:

(1) ERCOT is the Independent Organization certified under PURA §39.151 for the ERCOT Region;

(2) ERCOT is duly organized, validly existing and in good standing under the laws of Texas, and is authorized to do business in Texas;

(3) ERCOT has full power and authority to enter into this Agreement and perform all of ERCOT's obligations, representations, warranties and covenants under this Agreement;

(4) ERCOT's past, present and future agreements or ERCOT's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease,

agreement, order, judgment, or decree to which ERCOT is a party or by which its assets or properties are bound do not materially affect performance of ERCOT's obligations under this Agreement;

(5) The execution, delivery and performance of this Agreement by ERCOT have been duly authorized by all requisite action of its governing body;

(6) ERCOT has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(7) ERCOT is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(8) ERCOT is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt; and

(9) ERCOT acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on ERCOT's performance of its obligations under this Agreement.

Section 5. Participant Obligations.

A. Participant shall comply with, and be bound by, all ERCOT Protocols.

B. Participant shall not take any action, without first providing written notice to ERCOT and reasonable time for ERCOT and Market Participants to respond, that would cause a Market Participant within the ERCOT Region that is not a "public utility" under the Federal Power Act or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

Section 6. ERCOT Obligations.

A. ERCOT shall comply with, and be bound by, all ERCOT Protocols.

B. ERCOT shall not take any action, without first providing written notice to Participant and reasonable time for Participant and other Market Participants to respond, that would cause Participant, if Participant is not a "public utility" under the Federal Power Act, or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission. If

ERCOT receives any notice similar to that described in Section 5(B) from any Market Participant, ERCOT shall provide notice of same to Participant.

Section 7. [RESERVED]

Section 8. Default.

A. Event of Default.

(1) Failure to make payment or transfer funds, provide collateral or designate/maintain an association with a QSE (if required by the ERCOT Protocols) as provided in the ERCOT Protocols shall constitute a material breach and shall constitute an event of default ("Default") unless cured within two (2) Business Days after the non-breaching Party delivers to the breaching Party written notice of the breach. Provided further that if such a material breach, regardless of whether the breaching Party cures the breach within the allotted time after notice of the material breach, occurs more than three (3) times in a twelve-month period, the fourth such breach shall constitute a Default by the breaching Party.

(2) For any material breach other than a material breach described in Section 8(A)(1) the occurrence and continuation of any of the following events shall constitute an event of Default by Participant:

(a) Except as excused under subsection (4) or (5) below, a material breach, other than a material breach described in Section 8(A)(1), of this Agreement by Participant, including any material failure by Participant to comply with the ERCOT Protocols, unless cured within fourteen (14) Business Days after delivery by ERCOT of written notice of the material breach to Participant. Participant must begin work or other efforts within three (3) Business Days to cure such material breach after delivery by ERCOT of written notice of such material breach by Participant and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within twelve-month period, the fourth such breach shall constitute a Default.

(b) Participant becomes Bankrupt, except for the filing of a petition in involuntary bankruptcy, or similar involuntary proceedings, that is dismissed within 90 days thereafter.

(3) Except as excused under subsection (4) or (5) below, a material breach of this Agreement by ERCOT, including any material failure by ERCOT to comply with the ERCOT Protocols, other than a failure to make payment or transfer funds, shall constitute a Default by ERCOT unless cured within fourteen (14) Business Days after delivery by Participant of written notice of the material breach to ERCOT. ERCOT must begin work or other efforts within three (3) Business

Days to cure such material breach after delivery by Participant of written notice of such material breach by ERCOT and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a twelve-month period, the fourth such breach shall constitute a Default.

(4) For any material breach other than a failure to make payment or transfer funds, the breach shall not result in a Default if the breach cannot reasonably be cured within fourteen (14) calendar days, prompt written notice is provided by the breaching Party to the other Party, and the breaching Party began work or other efforts to cure the breach within three (3) Business Days after delivery of the notice to the breaching Party and prosecutes the curative work or efforts with reasonable diligence until the curative work or efforts are completed.

(5) If, due to a Force Majeure Event, a Party is in breach with respect to any obligation hereunder, such breach shall not result in a Default by that Party.

B. Remedies for Default.

(1) ERCOT's Remedies for Default. In the event of a Default by Participant, ERCOT may pursue any remedies ERCOT has under this Agreement, at law, or in equity, subject to the provisions of Section 10: Dispute Resolution of this Agreement. In the event of a Default by Participant, if the ERCOT Protocols do not specify a remedy for a particular Default, ERCOT may, at its option, upon written notice to Participant, immediately terminate this Agreement, with termination to be effective upon the date of delivery of notice. In the event of Participant's bankruptcy, Participant waives any right to challenge ERCOT's right to set off amounts ERCOT owes to Participant by the amount of any sums owed by Participant to ERCOT, including any amounts owed pursuant to the operation of the Protocols.

(2) Participant's Remedies for Default.

(a) Unless otherwise specified in this Agreement or in the ERCOT Protocols, and subject to the provisions of Section 10: Dispute Resolution of this Agreement in the event of a Default by ERCOT, Participant's remedies shall be limited to:

(i) Immediate termination of this Agreement upon written notice to ERCOT;
(ii) Monetary recovery in accordance with the Settlement procedures set forth in the ERCOT Protocols; and
(iii) Specific performance.

(b) However, in the event of a material breach by ERCOT of any of its representations, warranties or covenants, Participant's sole remedy shall be immediate termination of this Agreement upon written notice to ERCOT.

(3) A Default or breach of this Agreement by a Party shall not relieve either Party of the obligation to comply with the ERCOT Protocols.

C. Force Majeure.

(1) If, due to a Force Majeure Event, either Party is in breach of this Agreement with respect to any obligation hereunder, such Party shall take reasonable steps, consistent with Good Utility Practice, to remedy such breach. If either Party is unable to fulfill any obligation by reason of a Force Majeure Event, it shall give notice and the full particulars of the obligations affected by such Force Majeure Event to the other Party in writing or by telephone (if followed by written notice) as soon as reasonably practicable, but not later than fourteen (14) calendar days, after such Party becomes aware of the event. A failure to give timely notice of the Force Majeure event shall constitute a waiver of the claim of Force Majeure Event. The Party experiencing the Force Majeure Event shall also provide notice, as soon as reasonably practicable, when the Force Majeure Event ends.

(2) Notwithstanding the foregoing, a Force Majeure Event does not relieve a Party affected by a Force Majeure Event of its obligation to make payments or of any consequences of non-performance pursuant to the ERCOT Protocols or under this Agreement, except that the excuse from Default provided by subsection 8(A)(5) above is still effective.

D. Duty to Mitigate. Except as expressly provided otherwise herein, each Party shall use commercially reasonable efforts to mitigate any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

Section 9. Limitation of Damages and Liability and Indemnification.

A. EXCEPT AS EXPRESSLY LIMITED IN THIS AGREEMENT OR THE ERCOT PROTOCOLS, ERCOT OR PARTICIPANT MAY SEEK FROM THE OTHER, THROUGH APPLICABLE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THE ERCOT PROTOCOLS, ANY MONETARY DAMAGES OR OTHER REMEDY OTHERWISE ALLOWABLE UNDER TEXAS LAW, AS DAMAGES FOR DEFAULT OR BREACH OF THE OBLIGATIONS UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT NEITHER PARTY IS LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY THAT MAY OCCUR, IN WHOLE OR IN PART, AS A RESULT OF A DEFAULT UNDER THIS AGREEMENT, A TORT, OR ANY OTHER CAUSE, WHETHER OR NOT A PARTY HAD KNOWLEDGE OF THE CIRCUMSTANCES THAT RESULTED IN THE SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY, OR COULD HAVE FORESEEN THAT SUCH DAMAGES OR INJURY WOULD OCCUR.

B. With respect to any dispute regarding a Default or breach by ERCOT of its obligations under this Agreement, ERCOT expressly waives any Limitation of Liability to which it

may be entitled under the Charitable Immunity and Liability Act of 1987, Tex. Civ. Prac. & Rem. Code §84.006, or successor statute.

C. The Parties have expressly agreed that, other than subsections A and B of this Section, this Agreement shall not include any other limitations of liability or indemnification provisions, and that such issues shall be governed solely by applicable law, in a manner consistent with the Choice of Law and Venue subsection of this Agreement, regardless of any contrary provisions that may be included in or subsequently added to the ERCOT Protocols (outside of this Agreement).

D. The Independent Market Monitor (IMM), and its directors, officers, employees, and agents, shall not be liable to any person or Entity for any act or omission, other than an act or omission constituting gross negligence or intentional misconduct, including but not limited to liability for any financial loss, loss of economic advantage, opportunity cost, or actual, direct, indirect, or consequential damages of any kind resulting from or attributable to any such act or omission of the IMM, as long as such act or omission arose from or is related to matters within the scope of the IMM's authority arising under or relating to PURA §39.1515 and PUC SUBST. R. 25.365, Independent Market Monitor.

Section 10. Dispute Resolution.

A. In the event of a dispute, including a dispute regarding a Default, under this Agreement, Parties to this Agreement shall first attempt resolution of the dispute using the applicable dispute resolution procedures set forth in the ERCOT Protocols.

B. In the event of a dispute, including a dispute regarding a Default, under this Agreement, each Party shall bear its own costs and fees, including, but not limited to attorneys' fees, court costs, and its share of any mediation or arbitration fees.

Section 11. Miscellaneous.

A. Choice of Law and Venue. Notwithstanding anything to the contrary in this Agreement, this Agreement shall be deemed entered into and performable solely in Texas and, with the exception of matters governed exclusively by federal law, shall be governed by and construed and interpreted in accordance with the laws of the State of Texas that apply to contracts executed in and performed entirely within the State of Texas, without reference to any rules of conflict of laws. Neither Party waives primary jurisdiction as a defense; provided that any court suits regarding this Agreement shall be brought in a state or federal court located within Travis County, Texas, and the Parties hereby waive any defense of forum non-conveniens, except defenses under Tex. Civ. Prac. & Rem. Code §15.002(b).

B. Assignment.

(1) Notwithstanding anything herein to the contrary, a Party shall not assign or otherwise transfer all or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, except that a Party may assign or transfer its

rights and obligations under this Agreement without the prior written consent of the other Party (if neither the assigning Party or the assignee is then in Default of any Agreement with ERCOT):

(a) Where any such assignment or transfer is to an Affiliate of the Party; or

(b) Where any such assignment or transfer is to a successor to or transferee of the direct or indirect ownership or operation of all or part of the Party, or its facilities; or

(c) For collateral security purposes to aid in providing financing for itself, provided that the assigning Party will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by either Party pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). If requested by the Party making any such collateral assignment to a Financing Person, the other Party shall execute and deliver a consent to such assignment containing customary provisions, including representations as to corporate authorization, enforceability of this Agreement and absence of known Defaults, notice of material breach pursuant to Section 8(A), notice of Default, and an opportunity for the Financing Person to cure a material breach pursuant to Section 8(A) prior to it becoming a Default.

(2) An assigning Party shall provide prompt written notice of the assignment to the other Party. Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve either Party of its obligations under this Agreement, nor shall either Party's obligations be enlarged, in whole or in part, by reason thereof.

C. No Third Party Beneficiary. Except with respect to the rights of the Financing Persons in Section 11(B), (a) nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any third party, (b) no third party shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder and (c) this Agreement is intended solely for the benefit of the Parties, and the Parties expressly disclaim any intent to create any rights in any third party as a third-party beneficiary to this Agreement or the services to be provided hereunder. Nothing in this Agreement shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

D. No Waiver. Parties shall not be required to give notice to enforce strict adherence to all provisions of this Agreement. No breach or provision of this Agreement shall be deemed waived, modified or excused by a Party unless such waiver, modification or excuse is in

writing and signed by an authorized officer of such Party. The failure by or delay of either Party in enforcing or exercising any of its rights under this Agreement shall (a) not be deemed a waiver, modification or excuse of such right or of any breach of the same or different provision of this Agreement, and (b) not prevent a subsequent enforcement or exercise of such right. Each Party shall be entitled to enforce the other Party's covenants and promises contained herein, notwithstanding the existence of any claim or cause of action against the enforcing Party under this Agreement or otherwise.

E. Headings. Titles and headings of paragraphs and sections within this Agreement are provided merely for convenience and shall not be used or relied upon in construing this Agreement or the Parties' intentions with respect thereto.

F. Severability. In the event that any of the provisions, or portions or applications thereof, of this Agreement is finally held to be unenforceable or invalid by any court of competent jurisdiction, that determination shall not affect the enforceability or validity of the remaining portions of this Agreement, and this Agreement shall continue in full force and effect as if it had been executed without the invalid provision; provided, however, if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason thereof, the Parties shall promptly enter into negotiations to replace the unenforceable or invalid provision with a valid and enforceable provision. If the Parties are not able to reach an agreement as the result of such negotiations within fourteen (14) days, either Party shall have the right to terminate this Agreement on three (3) days written notice.

G. Entire Agreement. Any Exhibits attached to this Agreement are incorporated into this Agreement by reference and made a part of this Agreement as if repeated verbatim in this Agreement. This Agreement represents the Parties' final and mutual understanding with respect to its subject matter. It replaces and supersedes any prior agreements or understandings, whether written or oral. No representations, inducements, promises, or agreements, oral or otherwise, have been relied upon or made by any Party, or anyone on behalf of a Party, that are not fully expressed in this Agreement. An agreement, statement, or promise not contained in this Agreement is not valid or binding.

H. Amendment. The standard form of this Agreement may only be modified through the procedure for modifying ERCOT Protocols described in the ERCOT Protocols. Any changes to the terms of the standard form of this Agreement shall not take effect until a new Agreement is executed between the Parties.

I. ERCOT's Right to Audit Participant. Participant shall keep detailed records for a period of three years of all activities under this Agreement giving rise to any information, statement, charge, payment or computation delivered to ERCOT under the ERCOT Protocols. Such records shall be retained and shall be available for audit or examination by ERCOT as hereinafter provided. ERCOT has the right during Business Hours and upon reasonable written notice and for reasonable cause to examine the records of Participant as necessary to verify the accuracy of any such information, statement, charge, payment or computation made under this Agreement. If any such examination reveals any inaccuracy in any such information, statement, charge, payment or

computation, the necessary adjustments in such information, statement, charge, payment, computation, or procedures used in supporting its ongoing accuracy will be promptly made.

J. Participant's Right to Audit ERCOT. Participant's right to data and audit of ERCOT shall be as described in the ERCOT Protocols and shall not exceed the rights described in the ERCOT Protocols.

K. Further Assurances. Each Party agrees that during the term of this Agreement it will take such actions, provide such documents, do such things and provide such further assurances as may reasonably be requested by the other Party to permit performance of this Agreement.

L. Conflicts. This Agreement is subject to applicable federal, state, and local laws, ordinances, rules, regulations, orders of any Governmental Authority and tariffs. Nothing in this Agreement may be construed as a waiver of any right to question or contest any federal, state and local law, ordinance, rule, regulation, order of any Governmental Authority, or tariff. In the event of a conflict between this Agreement and an applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff, the applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff shall prevail, provided that Participant shall give notice to ERCOT of any such conflict affecting Participant. In the event of a conflict between the ERCOT Protocols and this Agreement, the provisions expressly set forth in this Agreement shall control.

M. No Partnership. This Agreement may not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party has any right, power, or authority to enter any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

N. Construction. In this Agreement, the following rules of construction apply, unless expressly provided otherwise or unless the context clearly requires otherwise:

(1) The singular includes the plural, and the plural includes the singular.

(2) The present tense includes the future tense, and the future tense includes the present tense.

(3) Words importing any gender include the other gender.

(4) The word “shall” denotes a duty.

(5) The word “must” denotes a condition precedent or subsequent.

(6) The word “may” denotes a privilege or discretionary power.

(7) The phrase “may not” denotes a prohibition.

(8) References to statutes, tariffs, regulations or ERCOT Protocols include all provisions consolidating, amending, or replacing the statutes, tariffs, regulations or ERCOT Protocols referred to.

(9) References to "writing" include printing, typing, lithography, and other means of reproducing words in a tangible visible form.

(10) The words "including," "includes," and "include" are deemed to be followed by the words "without limitation."

(11) Any reference to a day, week, month or year is to a calendar day, week, month or year unless otherwise indicated.

(12) References to Articles, Sections (or subdivisions of Sections), Exhibits, annexes or schedules are to this Agreement, unless expressly stated otherwise.

(13) Unless expressly stated otherwise, references to agreements, ERCOT Protocols and other contractual instruments include all subsequent amendments and other modifications to the instruments, but only to the extent the amendments and other modifications are not prohibited by this Agreement.

(14) References to persons or entities include their respective successors and permitted assigns and, for governmental entities, entities succeeding to their respective functions and capacities.

(15) References to time are to Central Prevailing Time.

O. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

SIGNED, ACCEPTED AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Agreement.

Electric Reliability Council of Texas, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date: _____

Market Participant Name: _____

Market Participant DUNS: _____

ERCOT Nodal Protocols

Section 22

Attachment B: Standard Form Reliability Must-Run Agreement

February 14, 2013

Standard Form Reliability Must-Run Agreement
Between
(Participant)
and
Electric Reliability Council of Texas, Inc.

This Reliability Must-Run Agreement ("Agreement"), effective as of _____ of _____, _____ ("Effective Date"), is entered into by and between [insert Participant's name], a [insert business Entity type and state] ("Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").

Recitals

WHEREAS:

A. Participant is a Resource Entity as defined in the ERCOT Protocols, and Participant intends to supply Reliability Must-Run Service;

B. ERCOT is the Independent Organization certified under PURA §39.151 for the ERCOT Region; and

C. The Parties enter into this Agreement in order to establish the terms and conditions by which ERCOT and Participant will discharge their respective duties and responsibilities under the ERCOT Protocols.

Agreements

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, ERCOT and Participant (the "Parties") hereby agree as follows:

Section 1. Unit-Specific Terms.

A. Start Date: _____, 20_____.

B. Stop Date: _____, 20_____.

C. RMR Unit:_____.

D. Description of RMR Unit [*including location, name of Resource, etc.]:*
_____
_____, as described in more detail on Exhibit 1. Exhibit 1 should include any significant maintenance and operational information needed for ERCOT to comply with these Protocols. If Unit is a combined-cycle Generation Resource, indicate the Unit's operational capability for each power train as envisioned to supply RMR service as specified in the ERCOT Protocols in effect on the Effective Date.

E. RMR Unit Information

(1) RMR Capacity: _____ MW.

(2) Power factor lagging

(a) _____ P.F. (at generator main leads); and

(b) _____ P.F. (at high side of main power transformer)

(3) Power factor leading

(a) _____ P.F. (at generator main leads); and

(b) _____ P.F. (at high side of main power transformer)

(4) Target Availability

F. Delivery Point: _____

G. Revenue Meter Location (Use Resource IDs): _____

H. Operational and Environmental Limitations (check and describe all that apply):

(1) Operational

☐ Maximum annual hours of operation: _____

☐ Maximum annual MWh: _____

☐ Maximum annual starts: _____

☐ Other: _____

(2) Environmental

☐ Maximum annual NO_x emissions: _____

☐ Maximum annual SO_2 emissions: _____

☐ Other: _____

If applicable, upon ERCOT's request, Participant shall make reasonable efforts to secure additional credits or allowances to allow additional operation of the RMR Unit if ERCOT's planned use will exceed any of the Environmental Limitations set forth above. Participant shall provide ERCOT with advance notice of the cost of these credits prior to making the purchase. The value of any additional credits acquired at ERCOT's request shall be considered Eligible Costs.

I. <u>Inputs for Payments for RMR Unit:</u>

(1) Estimated Start Up Fuel:_____ MMBtu per start.

(a) Warm Start: ____

(b) Cold Start: _____

(2) Estimated Fuel Adder

(3) I/O Curve (MMBtu per MW per hour), attached as Exhibit 2.

(4) Estimated Standby Cost: $_____ per hour.

(5) Incentive Factor Percentage: _____% of Eligible Costs.

J. Notice. All notices required to be given under this Agreement shall be in writing, and shall be deemed delivered three days after being deposited in the U.S. mail, first-class postage prepaid, registered (or certified) mail, return receipt requested, addressed to the other Party at the address specified in this Agreement or shall be deemed delivered on the day of receipt if sent in another manner requiring a signed receipt, such as courier delivery or Federal Express delivery. Either Party may change its address for such notices by delivering to the other Party a written notice referring specifically to this Agreement. Notices required under the ERCOT Protocols shall be in accordance with the applicable Section of the ERCOT Protocols.

If to ERCOT:

Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive
Austin, Texas 78744-1654
Tel No. (512) 225-7000

Attn: ERCOT Legal Department

If to Participant:

[insert information]

Section 2. Definitions.

A. Unless herein defined, all definitions and acronyms found in the ERCOT Protocols shall be incorporated by reference into this Agreement.

B. "ERCOT Protocols" shall mean the document adopted by ERCOT, including any attachments or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and settlement (including Customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT. For the purposes of determining prices, payments, and other economic rights of the Parties, the ERCOT Protocols in effect on the Effective Date govern this Agreement. For the purposes of determining all other responsibilities and rights at a

given time, the ERCOT Protocols, as amended in accordance with the change procedure(s) described in the ERCOT Protocols, in effect at the time of the performance or non-performance of an action, shall govern with respect to that action.

Section 3. Term and Termination.

A. Term.

(1) This Agreement is effective beginning on the Effective Date.

(2) The "Term" of this Agreement begins at 0000 on the Start Date and ends at 2400 on the Stop Date. ERCOT, at its sole discretion, may terminate this Agreement before the end of the Term by giving 90 days' advance written notice to the Participant.

(3) Any Term longer than one (1) year requires ERCOT Board approval.

B. Extension by ERCOT. ERCOT may, at its sole discretion, extend this Agreement for a period up to ninety (90) days, even if ERCOT has previously provided notice to Participant of future termination of the Agreement, by providing at least thirty (30) days advance written notice to Participant of the extension.

C. Termination by Participant. Participant may, at its option, immediately terminate this Agreement upon the failure of ERCOT to continue to be certified by the PUCT as the Independent Organization under PURA §39.151 without the immediate certification of another Independent Organization under PURA §39.151.

D. Termination by Mutual Agreement. This Agreement may be terminated upon written agreement of both parties at a time specified by such agreement; provided that Participant may still recover Eligible Costs (Standby Price) and Incentive Factor payments already accrued prior to termination pursuant to this section.

E. Effect of Termination and Survival of Terms. If this Agreement is terminated by a Party pursuant to the terms hereof, the rights and obligations of the Parties hereunder shall terminate, except that the rights and obligations of the Parties that have accrued under this Agreement prior to the date of termination shall survive.

Section 4. Representations, Warranties, and Covenants.

A. Participant represents, warrants, and covenants that:

(1) Participant is duly organized, validly existing, and in good standing under the laws of the jurisdiction under which it is organized, and is authorized to do business in Texas;

(2) Participant has full power and authority to enter into this Agreement and perform all of Participant's obligations, representations, warranties, and covenants under this Agreement;

(3) Participant's past, present, and future agreements or Participant's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which Participant is a party or by which its assets or properties are bound do not materially affect performance of Participant's obligations under this Agreement;

(4) The execution, delivery, and performance of this Agreement by Participant have been duly authorized by all requisite action of its governing body;

(5) Except as set out in an exhibit (if any) to this Agreement, ERCOT has not, within the 24 months preceding the Effective Date, terminated for Default any Prior Agreement with Participant, any company of which Participant is a successor in interest, or any Affiliate of Participant;

(6) If any Defaults are disclosed on any such exhibit mentioned in subsection 4(A)(5), either (a) ERCOT has been paid, before execution of this Agreement, all sums due to it in relation to such Prior Agreement, or (b) ERCOT, in its reasonable judgment, has determined that this Agreement is necessary for system reliability, and Participant has made alternate arrangements satisfactory to ERCOT for the resolution of the Default under the Prior Agreement;

(7) Participant has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(8) Participant is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(9) Participant is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt;

(10) Participant acknowledges that it has received and is familiar with the ERCOT Protocols; and

(11) Participant acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the Term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Participant's performance of its obligations under this Agreement.

B. ERCOT represents, warrants, and covenants that:

(1) ERCOT is the Independent Organization certified under PURA §39.151 for the ERCOT Region;

(2) ERCOT is duly organized, validly existing, and in good standing under the laws of Texas, and is authorized to do business in Texas;

(3) ERCOT has full power and authority to enter into this Agreement and perform all of ERCOT's obligations, representations, warranties, and covenants under this Agreement;

(4) ERCOT's past, present, and future agreements or ERCOT's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which ERCOT is a party or by which its assets or properties are bound do not materially affect performance of ERCOT's obligations under this Agreement;

(5) The execution, delivery, and performance of this Agreement by ERCOT have been duly authorized by all requisite action of its governing body;

(6) ERCOT has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(7) ERCOT is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(8) ERCOT is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt; and

(9) ERCOT acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the Term of this Agreement. For purposes of this Section, "materially affecting performance," means resulting in a materially adverse effect on ERCOT's performance of its obligations under this Agreement.

Section 5. Participant Obligations.

A. Participant shall comply with, and be bound by, all ERCOT Protocols as they pertain to provision of Reliability Must-Run Service by a Resource Entity.

B. Participant shall not take any action, without first providing written notice to ERCOT and reasonable time for ERCOT and Market Participants to respond, that would cause a Market Participant within the ERCOT Region that is not a "public utility" under the Federal Power Act or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission.

Section 6. ERCOT Obligations.

A. ERCOT shall comply with, and be bound by, all ERCOT Protocols.

B. ERCOT shall not take any action, without first providing written notice to Participant and reasonable time for Participant and other Market Participants to respond, that would

cause Participant, if Participant is not a "public utility" under the Federal Power Act, or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission. If ERCOT receives any notice similar to that described in Section 5(B) from any Market Participant, ERCOT shall provide notice of same to Participant.

Section 7. Capacity Tests for RMR Units.

A. Capacity Tests.

(1) A "Capacity Test" is a one-hour performance test of the RMR Unit by Participant. The capacity as shown by a Capacity Test is called "Tested Capacity" and is determined by the applicable net meter readings during the Capacity Test.

(2) ERCOT may require that a Capacity Test be run at ERCOT's discretion at any time when the RMR Unit is on line, but ERCOT may not require more than four Capacity Tests in a contract Term. ERCOT must give Participant at least two (2) hours advance notice, after the RMR Unit is on line, of a Capacity Test required by ERCOT, unless Participant agrees to less than two (2) hours. Participant may perform as many Capacity Tests as it desires, but Participant may not perform a Capacity Test without the prior approval of ERCOT, which approval ERCOT may not unreasonably withhold or delay. The Parties will reasonably cooperate to coordinate a Capacity Test. ERCOT has the right to reasonable advance notice of, and to have personnel present during, a Capacity Test.

B. Test Report. ERCOT shall give the Capacity Test results in writing (the "Capacity Test Report") to Participant within twenty-four (24) hours after the test is run.

C. Effect of Test.

(1) A determination of Tested Capacity is effective as of the beginning of the hour in which the Capacity Test is started. For all hours in which Tested Capacity is less than the RMR Capacity specified in Section 1(E)(1)(a) above, then the Incentive Factor Percentage may be reduced as specified in the ERCOT Protocols applicable to RMR Service in effect on the Effective Date.

Section 8. Operation.

A. RMR Unit Maintenance. Before the start of each contract Term, Participant shall furnish ERCOT with its proposed schedule for Planned Outages for inspection, repair, maintenance, and overhaul of the RMR Unit for the contract Term. Participant will promptly advise ERCOT of any later changes to the schedule. The specific times for Planned Outages of the RMR Unit must be approved or rejected by ERCOT within thirty (30) days after submission by a Participant. Requested outages may be rejected only if necessary to assure reliability of the ERCOT System. ERCOT shall, if requested by Participant, endeavor to accommodate changes to the schedule to the extent that reliability of the ERCOT System is not materially affected by those changes. In all

cases, ERCOT must find a time for Participant to perform maintenance in a reasonable timeframe.

B. Planning Data.

(1) Participant shall timely report to ERCOT those items and conditions necessary for ERCOT's internal planning and compliance with ERCOT's guidelines in effect from time to time. The information supplied must include, without limitation, the following:

(a) Availability Plan for each hour of the next Operating Day submitted by 0600 of the preceding day;

(b) Revised Availability Plan reflecting changes in the hourly availability of the RMR Unit as soon as reasonably practical, but in no event later than 60 minutes after the event that caused the change; and

(c) Status of the RMR Unit with respect to Environmental Limitations listed in Section 1(H) above, if any. If any of the specified Environmental Limitations will be exceeded by ERCOT's planned or actual use of the RMR Unit Participant shall provide ERCOT with as much advance written notice as is reasonably possible.

(2) ERCOT and Participant shall timely coordinate with each other on the status of the RMR Unit with respect to Operational Limitations.

C. Delivery.

(1) ERCOT shall notify Participant, through its QSE, of the hours and levels of generation, if any, that the RMR Unit is to operate. This information is called the "Delivery Plan." ERCOT may not notify Participant to operate at levels above those stated in the Availability Plan, and ERCOT may not notify Participant to operate the Unit in a manner that would violate the limitations on operation set out in Section 1 above.

(2) Participant shall produce and deliver electrical energy from the RMR Unit to the Delivery Point at the levels specified in the Delivery Plan.

(3) ERCOT may not dispatch the Unit if compliance with the dispatch would cause the Unit to exceed the Operational and Environmental Limitations, if any, set forth in Section 1(H) above or at levels greater than are shown in the Availability Plan. Notwithstanding the foregoing, Participant retains the responsibility for operating the Unit under limits provided by applicable law.

(4) *The following section is only applicable if the RMR Unit is subject to Environmental Limitations identified in Section 1(H)(2).* Participant may, upon reasonable advance written notice to ERCOT, shut down the RMR Unit for the remaining Term of this Agreement if (a) the shutdown is necessary in Participant's reasonable judgment to comply with Participant's legal obligation

to stay within the Environmental Limitations, (b) ERCOT's use of the RMR Unit has caused the RMR Unit to exceed, or will immediately cause the RMR Unit to exceed, the Environmental Limitations specified herein for the entire remainder of the Term of the Agreement and (c)(*i*) Participant has been unsuccessful in its reasonable attempts procuring additional credits or allowances to allowed continued operation of the RMR Unit or (*ii*) ERCOT has not requested that Participant attempt to procure additional credits or allowances. Participant may, upon reasonable advance written notice to ERCOT, temporarily suspend operation of the RMR Unit at any time, and from time to time, if the refusal is necessary in Participant's reasonable judgment to comply with Participant's legal obligation to stay within the Environmental Limitations specified herein. For purposes of determining Actual Availability, the RMR Unit shall be considered to be available at full capacity in any hours in which the RMR Unit is unavailable because Participant has exercised its rights to shut down or suspend operation under this section.

Section 9. Payment.

A. Payments for an RMR Unit. ERCOT shall pay Participant for the RMR Service provided under this Agreement as specified in the ERCOT Protocols applicable to RMR Service, as those ERCOT Protocols are in effect on the Effective Date.

B. Unexcused Misconduct Events.

(1) For a RMR Unit, a "Misconduct Event" means any hour or hours during which Participant is requested to, but does not, deliver to ERCOT Energy at a level of at least 98% on each hour (on a kilowatt-hour/hour basis) of the level shown in the Availability Plan.

(2) For a Synchronous Condenser Unit, a "Misconduct Event" means any hour or hours during which Participant is requested to, but does not, synchronize the Unit to the ERCOT Transmission Grid during any hour in which the Unit is shown in the Availability Plan.

(3) Each day that a Misconduct Event continues after Participant receives written notice from ERCOT of the Misconduct Event is a separate Misconduct Event. Misconduct Event is measured on a daily basis.

(4) Participant is excused from the Misconduct Event payment reduction arising from any Misconduct Event that is (a) not due to intentionally incomplete, inaccurate, or dishonest reporting to ERCOT by Participant of the availability of the Unit, or (b) caused by a failure of the ERCOT Transmission Grid.

(5) If a Misconduct Event is not excused, then to reflect this lower-than-expected quality of firmness, ERCOT's payments to Participant are reduced as specified in the ERCOT Protocols in effect on the Effective Date.

(6) ERCOT shall inform Participant in writing of its determination if a Misconduct Event is unexcused.

(7) ERCOT may offset any amounts due by Participant to ERCOT under this

Section against any amounts due by ERCOT to Participant under this Agreement.

Section 10. Default.

A. Event of Default.

(1) Failure to make payment or transfer funds as provided in the ERCOT Protocols shall constitute a material breach and shall constitute an event of default ("Default") unless cured within three (3) Business Days after delivery by the non-breaching Party of written notice of the failure to the breaching Party. Provided further that if such a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a rolling 12-month period, the fourth such breach shall constitute a Default by the breaching Party.

(2) For any material breach other than a failure to make payment or transfer funds, the occurrence and continuation of any of the following events shall constitute an event of Default by Participant:

(a) Except as excused under subsection (4) or (5) below, a material breach, other than a failure to make payment or transfer funds, of this Agreement by Participant, including any material failure by Participant to comply with the ERCOT Protocols, unless cured within fourteen (14) Business Days after delivery by ERCOT of written notice of the material breach to Participant. Participant must begin work or other efforts within three (3) Business Days to cure such material breach after delivery by ERCOT of written notice of such material breach by Participant and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a rolling 12-month period, the fourth such breach shall constitute a Default.

(b) Participant becomes Bankrupt, except for the filing of a petition in involuntary bankruptcy, or similar involuntary proceedings, that is dismissed within 90 days thereafter.

(c) The RMR Unit's operation is abandoned without intent to return it to operation during the Term;

(d) At any time, the Actual Availability is equal to or less than 50%; or

(e) Three or more unexcused Misconduct Events occur during a contract Term.

(3) Except as excused under subsection (4) or (5) below, a material breach of this Agreement by ERCOT, including any material failure by ERCOT to comply with the ERCOT Protocols, other than a failure to make payment or transfer funds, shall constitute a Default by ERCOT unless cured within fourteen (14) Business

Days after delivery by Participant of written notice of the material breach to ERCOT. ERCOT must begin work or other efforts within three (3) Business Days to cure such material breach after delivery by Participant of written notice of such material breach by ERCOT and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three (3) times within a rolling 12-month period, the fourth such breach shall constitute a Default.

(4) For any material breach other than a failure to make payment or transfer funds, the breach shall not result in a Default if the breach cannot reasonably be cured within 14 calendar days, prompt written notice is provided by the breaching Party to the other Party, and the breaching Party began work or other efforts to cure the breach within 3 Business Days after delivery of the notice to the breaching Party and prosecutes the curative work or efforts with reasonable diligence until the curative work or efforts are completed.

(5) If, due to a Force Majeure Event, a Party is in breach with respect to any obligation hereunder, such breach shall not result in a Default by that Party.

B. Remedies for Default.

(1) ERCOT's Remedies for Default. In the event of a Default by Participant, ERCOT may pursue any remedies ERCOT has under this Agreement, at law, or in equity, subject to the provisions of Section 12: Dispute Resolution of this Agreement. In the event of a Default by Participant, if the ERCOT Protocols do not specify a remedy for a particular Default, ERCOT may, at its option, upon written notice to Participant, immediately terminate this Agreement, with termination to be effective upon the date of delivery of notice. In the event of Participant's bankruptcy, Participant waives any right to challenge ERCOT's right to set off amounts ERCOT owes to Participant by the amount of any sums owed by Participant to ERCOT, including any amounts owed pursuant to the operation of the Protocols.

(2) Participant's Remedies for Default.

(a) Unless otherwise specified in this Agreement or in the ERCOT Protocols, and subject to the provisions of Section 12: Dispute Resolution of this Agreement, in the event of a Default by ERCOT, Participant's remedies shall be limited to:

(i) Immediate termination of this Agreement upon written notice to ERCOT;

(ii) Monetary recovery in accordance with the Settlement procedures set forth in the ERCOT Protocols; and

(iii) Specific performance.

(b) However, in the event of a material breach by ERCOT of any of its representations, warranties or covenants, described in Section 4(B),

Participant's sole remedy shall be immediate termination of this Agreement upon written notice to ERCOT.

(3) A Default or breach of this Agreement by a Party shall not relieve either Party of the obligation to comply with the ERCOT Protocols.

C. Force Majeure.

(1) If, due to a Force Majeure Event, either Party is in breach of this Agreement with respect to any obligation hereunder, such Party shall take reasonable steps, consistent with Good Utility Practice, to remedy such breach. If either Party is unable to fulfill any obligation by reason of a Force Majeure Event, it shall give notice and the full particulars of the obligations affected by such Force Majeure Event to the other Party in writing or by telephone (if followed by written notice) as soon as reasonably practicable, but not later than fourteen (14) calendar days, after such Party becomes aware of the event. A failure to give timely notice of the Force Majeure Event shall constitute a waiver of the claim of Force Majeure Event. The Party experiencing the Force Majeure Event shall also provide notice, as soon as reasonably practicable, when the Force Majeure Event ends.

(2) Notwithstanding the foregoing, a Force Majeure Event does not relieve a Party affected by a Force Majeure Event of its obligation to make payments or of any consequences of non-performance pursuant to the ERCOT Protocols or under this Agreement, except that the excuse from Default provided by subsection 10(A)(5) is still effective.

D. Duty to Mitigate. Except as expressly provided otherwise herein, each Party shall use commercially reasonable efforts to mitigate any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

Section 11. Limitation of Damages and Liability and Indemnification.

A. EXCEPT AS EXPRESSLY LIMITED IN THIS AGREEMENT OR THE ERCOT PROTOCOLS, ERCOT OR PARTICIPANT MAY SEEK FROM THE OTHER, THROUGH APPLICABLE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THE ERCOT PROTOCOLS, ANY MONETARY DAMAGES OR OTHER REMEDY OTHERWISE ALLOWABLE UNDER TEXAS LAW, AS DAMAGES FOR DEFAULT OR BREACH OF THE OBLIGATIONS UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT NEITHER PARTY IS LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR INJURY THAT MAY OCCUR, IN WHOLE OR IN PART, AS A RESULT OF A DEFAULT UNDER THIS AGREEMENT, A TORT, OR ANY OTHER CAUSE, WHETHER OR NOT A PARTY HAD KNOWLEDGE OF THE CIRCUMSTANCES THAT RESULTED IN THE SPECIAL, INDIRECT, PUNITIVE, OR CONSEQUENTIAL DAMAGES OR INJURY, OR COULD HAVE FORESEEN THAT SUCH DAMAGES OR INJURY WOULD OCCUR.

B. With respect to any dispute regarding a Default or breach by ERCOT of its obligations

under this Agreement, ERCOT expressly waives any Limitation of Liability to which it may be entitled under the Charitable Immunity and Liability Act of 1987, Tex. Civ. Prac. & Rem. Code §84.006, or successor statute.

C. The Parties have expressly agreed that, other than subsections (A) and (B) of this Section, this Agreement shall not include any other limitations of liability or indemnification provisions, and that such issues shall be governed solely by applicable law, in a manner consistent with the Choice of Law and Venue subsection of this Agreement, regardless of any contrary provisions that may be included in or subsequently added to the ERCOT Protocols (outside of this Agreement).

Section 12. Dispute Resolution.

A. In the event of a dispute, including a dispute regarding a Default, under this Agreement, Parties to this Agreement shall first attempt resolution of the dispute using the applicable dispute resolution procedures set forth in the ERCOT Protocols.

B. In the event of a dispute, including a dispute regarding a Default, under this Agreement, each Party shall bear its own costs and fees, including, but not limited to attorneys' fees, court costs, and its share of any mediation or arbitration fees.

Section 13. Miscellaneous.

A. Choice of Law and Venue. Notwithstanding anything to the contrary in this Agreement, this Agreement shall be deemed entered into and performable solely in Texas and, with the exception of matters governed exclusively by federal law, shall be governed by and construed and interpreted in accordance with the laws of the State of Texas that apply to contracts executed in and performed entirely within the State of Texas, without reference to any rules of conflict of laws. Neither Party waives primary jurisdiction as a defense; provided that any court suits regarding this Agreement shall be brought in a state or federal court located within Travis County, Texas, and the Parties hereby waive any defense of *forum non-conveniens*, except defenses under Tex. Civ. Prac. & Rem. Code §15.002(b).

B. Assignment.

(1) Notwithstanding anything herein to the contrary, a Party shall not assign or otherwise transfer all or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, except that a Party may assign or transfer its rights and obligations under this Agreement without the prior written consent of the other Party (if neither the assigning Party or the assignee is then in Default of any Agreement with ERCOT):

(a) Where any such assignment or transfer is to an Affiliate of the Party; or

(b) Where any such assignment or transfer is to a successor to or transferee of the direct or indirect ownership or operation of all or part of the Party, or its Facilities; or

(c) For collateral security purposes to aid in providing financing for itself, provided that the assigning Party will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by either Party pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). If requested by the Party making any such collateral assignment to a Financing Person, the other Party shall execute and deliver a consent to such assignment containing customary provisions, including representations as to corporate authorization, enforceability of this Agreement and absence of known Defaults, notices of Default, and an opportunity for the Financing Person to cure Defaults.

(2) An assigning Party shall provide prompt written notice of the assignment to the other Party. Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve either Party of its obligations under this Agreement, nor shall either Party's obligations be enlarged, in whole or in part, by reason thereof.

C. No Third Party Beneficiary. Except with respect to the rights of the Financing Persons in Section 13(B)(3), (a) nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any third party, (b) no third party shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder and (c) this Agreement is intended solely for the benefit of the Parties, and the Parties expressly disclaim any intent to create any rights in any third party as a third-party beneficiary to this Agreement or the services to be provided hereunder. Nothing in this Agreement shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

D. No Waiver. Parties shall not be required to give notice to enforce strict adherence to all provisions of this Agreement. No breach or provision of this Agreement shall be deemed waived, modified or excused by a Party unless such waiver, modification or excuse is in writing and signed by an authorized officer of such Party. The failure by or delay of either Party in enforcing or exercising any of its rights under this Agreement shall (a) not be deemed a waiver, modification or excuse of such right or of any breach of the same or different provision of this Agreement, and (b) not prevent a subsequent enforcement or exercise of such right. Each Party shall be entitled to enforce the other Party's covenants and promises contained herein, notwithstanding the existence of any claim or cause of action against the enforcing Party under this Agreement or otherwise.

E. Headings. Titles and headings of paragraphs and sections within this Agreement are provided merely for convenience and shall not be used or relied upon in construing this Agreement or the Parties' intentions with respect thereto.

F. Severability. In the event that any of the provisions, or portions or applications thereof, of this Agreement is finally held to be unenforceable or invalid by any court of competent jurisdiction, that determination shall not affect the enforceability or validity of the remaining portions of this Agreement, and this Agreement shall continue in full force and effect as if it had been executed without the invalid provision; provided, however, if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason thereof, the Parties shall promptly enter into negotiations to replace the unenforceable or invalid provision with a valid and enforceable provision. If the Parties are not able to reach an agreement as the result of such negotiations within fourteen (14) days, either Party shall have the right to terminate this Agreement on three (3) days written notice.

G. Entire Agreement. Any Exhibits attached to this Agreement are incorporated into this Agreement by reference and made a part of this Agreement as if repeated verbatim in this Agreement. This Agreement represents the Parties' final and mutual understanding with respect to its subject matter. It replaces and supersedes any Prior Agreements or understandings, whether written or oral. No representations, inducements, promises, or agreements, oral or otherwise, have been relied upon or made by any Party, or anyone on behalf of a Party, that are not fully expressed in this Agreement. An agreement, statement, or promise not contained in this Agreement is not valid or binding.

H. Amendment. The standard form of this Agreement may only be modified through the procedure for modifying ERCOT Protocols described in the ERCOT Protocols. Any changes to the terms of the standard form of this Agreement shall not take effect until a new Agreement is executed between the Parties.

I. ERCOT's Right to Audit Participant. Participant shall keep detailed records for a period of three years of all activities under this Agreement giving rise to any information, statement, charge, payment, or computation delivered to ERCOT under the ERCOT Protocols. Such records shall be retained and shall be available for audit or examination by ERCOT as hereinafter provided. ERCOT has the right during Business Hours and upon reasonable written notice and reasonable cause to examine the records of Participant as necessary to verify the accuracy of any such information, statement, charge, payment, or computation made under this Agreement. If any such examination reveals any inaccuracy in any information, statement, charge, payment, or computation, the necessary adjustments in such information, statement, charge, payment, computation, or procedures used in supporting its ongoing accuracy will be promptly made.

J. Participant's Right to Audit ERCOT. Participant's right to data and audit of ERCOT shall be as described in the ERCOT Protocols and shall not exceed the rights described in the ERCOT Protocols.

K. Further Assurances. Each Party agrees that during the Term of this Agreement it will take such actions, provide such documents, do such things, and provide such further assurances as may reasonably be requested by the other Party to permit performance of this Agreement.

L. Conflicts. This Agreement is subject to applicable federal, state, and local laws, ordinances, rules, regulations, orders of any Governmental Authority, and tariffs. Nothing in this Agreement may be construed as a waiver of any right to question or contest any federal, state and local law, ordinance, rule, regulation, order of any Governmental Authority, or tariff. In the event of a conflict between this Agreement and an applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff, the applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff shall prevail, provided that Participant shall give notice to ERCOT of any such conflict affecting Participant. In the event of a conflict between the ERCOT Protocols and this Agreement, the provisions expressly set forth in this Agreement shall control.

M. No Partnership. This Agreement may not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party has any right, power, or authority to enter any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

N. Construction. In this Agreement, the following rules of construction apply, unless expressly provided otherwise or unless the context clearly requires otherwise:

(1) The singular includes the plural, and the plural includes the singular.

(2) The present tense includes the future tense, and the future tense includes the present tense.

(3) Words importing any gender include the other gender.

(4) The word “shall” denotes a duty.

(5) The word “must” denotes a condition precedent or subsequent.

(6) The word “may” denotes a privilege or discretionary power.

(7) The phrase “may not” denotes a prohibition.

(8) References to statutes, tariffs, regulations or ERCOT Protocols include all provisions consolidating, amending, or replacing the statutes, tariffs, regulations or ERCOT Protocols referred to.

(9) References to “writing” include printing, typing, lithography, and other means of reproducing words in a tangible visible form.

(10) The words "including," "includes," and "include" are deemed to be followed by the words "without limitation."

(11) Any reference to a day, week, month or year is to a calendar day, week, month, or year unless otherwise indicated.

(12) References to Articles, Sections (or subdivisions of Sections), Exhibits, annexes, or schedules are to this Agreement, unless expressly stated otherwise.

(13) Unless expressly stated otherwise, references to agreements, ERCOT Protocols and other contractual instruments include all subsequent amendments and other modifications to the instruments, but only to the extent the amendments and other modifications are not prohibited by this Agreement.

(14) References to persons or entities include their respective successors and permitted assigns and, for governmental entities, entities succeeding to their respective functions and capacities.

(15) References to time are to Central Prevailing Time.

O. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

SIGNED, ACCEPTED, AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Agreement.

Electric Reliability Council of Texas, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date: _____

Market Participant Name: _____

Market Participant DUNS: _____

ERCOT Nodal Protocols

Section 22

Attachment C: Amendment to Standard Form Market Participant Agreement

January 1, 2013

Amendment to
Standard Form Market Participant Agreement
Between
[Participant]
and
Electric Reliability Council of Texas, Inc.

This AMENDMENT to the Standard Form Market Participant Agreement ("Amendment"), effective as of the _____ day of _____, _____ ("Effective Date"), is entered into by and between [Participant], a [State of Registration and Entity Type] ("Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").

Recitals

WHEREAS, Participant and ERCOT entered into a Standard Form Market Participant Agreement (SFA) dated _____; and

WHEREAS, Participant and ERCOT wish to amend that SFA to include Market Participant registrations designated below.

NOW, THEREFORE, Participant and ERCOT agree that paragraph A in the "Recitals" section of that SFA shall be deleted in its entirety and replaced with the following:

A. As defined in the ERCOT Protocols, Participant is a (check all that apply):

☐ Load Serving Entity (LSE)

☐ Qualified Scheduling Entity (QSE)

☐ Transmission Service Provider (TSP)

☐ Distribution Service Provider (DSP)

☐ Congestion Revenue Right (CRR) Account Holder

☐ Resource Entity

☐ Renewable Energy Credit (REC) Account Holder

This Amendment modifies the existing SFA only to include those Market Participant registrations designated above by Participant.

This Amendment in no way alters the terms and conditions of the existing SFA other than as specifically set forth herein.

SIGNED, ACCEPTED AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Amendment to the Standard Form Market Participant Agreement.

Electric Reliability Council of Texas, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date:_____

Market Participant Name: _____

Market Participant DUNS: _____

ERCOT Nodal Protocols

Section 22

Attachment D: Standard Form Black Start Agreement

February 14, 2013

Standard Form Black Start Agreement
Between
(Name of Participant)
and
Electric Reliability Council of Texas, Inc.

This Black Start Agreement ("Agreement"), effective as of _____ of _____, _____ ("Effective Date"), is entered into by and between [insert Participant's name], a [insert business Entity type and state] ("Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").

Recitals

WHEREAS:

A. Participant is a Resource Entity as defined in the ERCOT Protocols, and Participant intends to provide Black Start Service (BSS);

B. ERCOT is the Independent Organization certified under the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. § 39.151 (Vernon 1998 & Supp. 2007) (PURA) for the ERCOT Region; and

C. The Parties enter into this Agreement in order to establish the terms and conditions by which ERCOT and Participant will discharge their respective duties and responsibilities under the ERCOT Protocols.

Agreements

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, ERCOT and Participant (the "Parties") hereby agree as follows:

Section 1. Resource-Specific Terms.

A. Start Date: _____.

B. Black Start Resource.

(1) Description of Black Start Resource [including location, number of generators, metering scheme, etc.]:

_____
_____, as described in more detail on Exhibit 1.

(2) Nameplate Capacity in MW: _____

(3) Delivery Point: _____

(4) Revenue Meter Location (use Resource IDs): _____

C. Price:

Hourly Standby Price: $_____ per hour

D. Notice. All notices required to be given under this Agreement shall be in writing, and shall be deemed delivered three days after being deposited in the U.S. mail, first class postage prepaid, registered (or certified) mail, return receipt requested, addressed to the other Party at the address specified in this Agreement or shall be deemed delivered on the day of receipt if sent in another manner requiring a signed receipt, such as courier delivery or Federal Express delivery. Either Party may change its address for such notices by delivering to the other Party a written notice referring specifically to this Agreement. Notices required under the ERCOT Protocols shall be in accordance with the applicable Section of the ERCOT Protocols.

If to ERCOT:

Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive
Austin, Texas 78744-1654
Tel No. (512) 225-7000

If to Participant:

[insert information]

Section 2. Definitions.

A. Unless herein defined, all definitions and acronyms found in the ERCOT Protocols shall be incorporated by reference into this Agreement.

B. "ERCOT Protocols" shall mean the document adopted by ERCOT, including any attachments or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and Settlement (including Customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT. For the purposes of determining responsibilities and rights at a given time, the ERCOT Protocols, as amended in accordance with the change procedure(s) described in the ERCOT Protocols, in effect at the time of the performance or non-performance of an action, shall govern with respect to that action.

Section 3. Term and Termination.

A. Term.

(1) This Agreement is effective beginning on the Effective Date.

(2) The full term ("Full Term") of this Agreement begins on the Start Date and continues for a period of two years.

B. Termination by Participant. Participant may, at its option, terminate this Agreement immediately upon the failure of ERCOT to continue to be certified by the Public Utility Commission of Texas (PUCT) as the Independent Organization under PURA §39.151 without the immediate certification of another Independent Organization under PURA §39.151.

C. Effect of Termination and Survival of Terms. If this Agreement is terminated by a Party pursuant to the terms hereof, the rights and obligations of the Parties hereunder shall terminate, except that the rights and obligations of the Parties that have accrued under this Agreement prior to the date of termination shall survive.

Section 4. Representations, Warranties, and Covenants.

A. Participant represents, warrants, and covenants that:

(1) Participant is duly organized, validly existing, and in good standing under the laws of the jurisdiction under which it is organized, and is authorized to do business in Texas;

(2) Participant has full power and authority to enter into this Agreement and perform all of Participant's obligations, representations, warranties, and covenants under this Agreement;

(3) Participant's past, present, and future agreements or Participant's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which Participant is a party or by which its assets or properties are bound do not materially affect performance of Participant's obligations under this Agreement;

(4) The execution, delivery, and performance of this Agreement by Participant have been duly authorized by all requisite action of its governing body;

(5) Except as set out in an exhibit (if any) to this Agreement, ERCOT has not, within the 24 months preceding the Effective Date, terminated for Default any Prior Agreement with Participant, any company of which Participant is a successor in interest, or any Affiliate of Participant;

(6) If any Defaults are disclosed on any such exhibit mentioned in subsection 4(A)(5), either (a) ERCOT has been paid, before execution of this Agreement, all sums due to it in relation to such Prior Agreement, or (b) ERCOT, in its reasonable judgment, has determined that this Agreement is necessary for system reliability, and Participant has made alternate arrangements satisfactory to ERCOT for the resolution of the Default under the Prior Agreement;

(7) Participant has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits, and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(8) Participant is not in violation of any laws, ordinances, or governmental rules, regulations, or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(9) Participant is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt;

(10) Participant acknowledges that it has received and is familiar with the ERCOT Protocols; and

(11) Participant acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Participant's performance of its obligations under this Agreement.

B. ERCOT represents, warrants, and covenants that:

(1) ERCOT is the Independent Organization certified under PURA §39.151 for the ERCOT Region;

(2) ERCOT is duly organized, validly existing, and in good standing under the laws of Texas, and is authorized to do business in Texas;

(3) ERCOT has full power and authority to enter into this Agreement and perform all of ERCOT's obligations, representations, warranties and covenants under this Agreement;

(4) ERCOT's past, present and future agreements or ERCOT's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which ERCOT is a party or by which its assets or properties are bound do not materially affect performance of ERCOT's obligations under this Agreement;

(5) The execution, delivery, and performance of this Agreement by ERCOT have been duly authorized by all requisite action of its governing body;

(6) ERCOT has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental

regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(7) ERCOT is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(8) ERCOT is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt; and

(9) ERCOT acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on ERCOT's performance of its obligations under this Agreement.

Section 5. Participant Obligations.

A. Participant shall comply with, and be bound by, all ERCOT Protocols, ERCOT Operating Guides, and the North American Electric Reliability Corporation (NERC) Reliability Standards as they pertain to operation of a Black Start Resource by a Resource Entity.

B. Participant shall not take any action, without first providing written notice to ERCOT and reasonable time for ERCOT and Market Participants to respond, that would cause a Market Participant within the ERCOT Region that is not a "public utility" under the Federal Power Act, 16 U.S.C. § 824(e)(2005), or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission (FERC).

Section 6. ERCOT Obligations.

A. ERCOT shall comply with, and be bound by, all ERCOT Protocols.

B. ERCOT shall not take any action, without first providing written notice to Participant and reasonable time for Participant and other Market Participants to respond, that would cause Participant if Participant is not a "public utility" under the Federal Power Act, or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the FERC. If ERCOT receives any notice similar to that described in Section 5(B) from any Market Participant, ERCOT shall provide notice of same to Participant.

Section 7. Black Start Decertification.

If a Black Start Resource does not remain certified, or if it is in default as described in Section 10(A)(2)(e) during the term of this Agreement, then the Hourly Standby Fee is reduced to zero for the remainder of the Full Term, and Participant will be required to refund to ERCOT certain amounts paid by ERCOT under this Agreement during the Full Term as described in the ERCOT Protocols.

Section 8. Operation.

A. Black Start Resource Maintenance. Before the start of the contract year, Participant shall furnish ERCOT with its proposed schedule for Planned Outages for inspection, repair, maintenance, and overhaul of the Black Start Resource for the contract year. Participant will promptly advise ERCOT of any later changes to the schedule. The specific times for Planned Outages of the Black Start Resource must be approved by ERCOT. Such approval may be withheld if necessary to assure reliability of the ERCOT System. ERCOT shall, if requested by Participant, endeavor to accommodate changes to the schedule to the extent that reliability of the ERCOT System is not materially affected by those changes. In all cases, ERCOT must find a time for Participant to perform maintenance in a reasonable timeframe as defined by Good Utility Practice.

B. Planning Data.

Participant shall timely report to ERCOT those items and conditions necessary for ERCOT's internal planning and compliance with ERCOT's guidelines in effect from time to time. The information supplied must include, without limitation, the following:

(1) Availability Plan for each hour of the next Operating Day submitted by 0600 of the preceding day; and

(2) Revised Availability Plan reflecting changes in hourly availability of Black Start Capacity status as indicated in a revised Availability Plan as soon as reasonably practical, but in no event later than 60 minutes after the event that caused the change.

C. Testing.

Participant shall perform quarterly Black Start Resource Availability Tests as described in these Protocols.

D. Delivery.

(1) ERCOT will make every effort to notify the Participant, through its Qualified Scheduling Entity (QSE) or Transmission Service Provider (TSP), when the Black Start Resource must black start. It is, however the responsibility of the Participant to initiate the start-up process of Black Start Resources in preparation for system restoration.

(2) If the ERCOT Transmission Grid at the Black Start Resource becomes deenergized and if Participant cannot communicate with either ERCOT or the Transmission Service Provider (TSP) and/or Distribution Service Provider (DSP) serving the Black Start Resource, then Participant shall follow the procedures specified for the Black Start Resource under ERCOT's Black Start plan in the Operating Guides, but Participant shall not commence delivering electric energy into the ERCOT System without specific instructions to do so from either ERCOT or the TSP and/or DSP serving the Black Start Resource.

Section 9. Payment.

A. Hourly Standby Fee Payments. ERCOT shall pay Participant the Hourly Standby Fee as described below, except as specified otherwise in Section 7 above.

(1) Availability

(a) "Available" means, with respect to a given hour, that Participant has declared, in its Availability Plan, that the Black Start Resource is able to start without a connection to the ERCOT Transmission Grid.

(b) The Black Start Resource is not Available if:

(i) The Black Start Resource utilizes a power pool outside of ERCOT to start and the transmission path(s) between the Resource and the other power pool is not available due to an outage; or

(ii) The Black Start Resource utilizes a power pool outside of ERCOT to start but fails to maintain a firm standby supply contract for that power pool; or

(iii) The Black Start Resource has failed a Black Start Resource Availability Test, as described in the ERCOT Protocols or Operating Guides and has not passed a subsequent Black Start Resource Availability Test; or

(iv) The Black Start Resource has failed to start when required under this Agreement, and has not passed a subsequent Black Start Resource Availability Test; or

(v) The Black Start Resource failed to perform when issued a Dispatch Instruction to come On-Line any time other than for BSS and has not passed a subsequent Black Start Resource Availability Test.

(c) ERCOT shall use the Black Start Resource's Availability Plan as the source of Black Start Resource availability information.

(2) "Black Start Service Hourly Rolling Equivalent Availability Factor (BSSHREAF)" means, with respect to a given hour, the quotient (expressed as a percentage) of (a) the number of hours, including the given hour and the immediately preceding 4,379 hours, in which the Black Start Resource was Available, divided by (b) 4,380; provided that, to the extent that 4,379 hours have not elapsed since the Start Date (the difference between 4,379 and the hours that have elapsed being referred to herein as the "Assumed Hours"), the Black Start Resource shall be deemed, for purposes of this calculation, to be Available for the Assumed Hour unless the Black Start Resource has failed to perform in response to a blackout event or when a Dispatch Instruction to come On-Line has been issued. Participant's failure to perform shall be subject to possible claw-back of

its Hourly Standby Fee and reduced payment during the Assumed Hours period. A Force Majeure Event is treated the same as any other cause for unavailability for the purposes of calculating BSSHREAF.

(3) "Hourly Standby Fee" means, with respect to a given hour, the result determined from the following table:

Black Start Service Hourly Rolling Availability Factor (BSSHREAF)	Hourly Standby Fee
If BSSHREAF is more than or equal to 85%	Hourly Standby Price ($)
If BSSHREAF is less than 85% but more than 35%	Hourly Standby Price * [100%-(85%-BSSHREAF) * 2] ($)
If BSSHREAF is equal to or less than 35%	Zero

Section 10. Default.

A. Event of Default.

(1) Failure to make payment or transfer funds as provided in the ERCOT Protocols shall constitute a material breach and shall constitute an event of default ("Default") unless cured within three Business Days after delivery by the non-breaching Party of written notice of the failure to the breaching Party. Provided further that if such a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three times within a rolling 12-month period, the fourth such breach shall constitute a Default by the breaching Party.

(2) For any material breach other than a failure to make payment or transfer funds, the occurrence and continuation of any of the following events shall constitute an event of Default by Participant:

(a) Except as excused under subsection (4) or (5) below, a material breach, other than a failure to make payment or transfer funds, of this Agreement by Participant, including any material failure by Participant to comply with the ERCOT Protocols, unless cured within 14 Business Days after delivery by ERCOT of written notice of the material breach to Participant. Participant must begin work or other efforts within three Business Days to cure such material breach after delivery by ERCOT of written notice of such material breach by Participant and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more

than three times within a rolling 12-month period, the fourth such breach shall constitute a Default.

(b) Participant becomes Bankrupt, except for the filing of a petition in involuntary bankruptcy, or similar involuntary proceeding, that is dismissed within 90 days thereafter.

(c) The Black Start Resource's operation is abandoned without an intent to return it to operation during the Full Term; or

(d) At any time, the Black Start Service Hourly Rolling Equivalent Availability Factor (BSSHREAF) is equal to or less than 50%.

(e) An Available Black Start Resource fails to perform successfully as required during a Partial Blackout or Blackout.

(3) Except as excused under subsection (4) or (5) below, a material breach of this Agreement by ERCOT, including any material failure by ERCOT to comply with the ERCOT Protocols, other than a failure to make payment or transfer funds, shall constitute a Default by ERCOT unless cured within 14 Business Days after delivery by Participant of written notice of the material breach to ERCOT. ERCOT must begin work or other efforts within three Business Days to cure such material breach after delivery by Participant of written notice of such material breach by ERCOT and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three times within a rolling 12-month period, the fourth such breach shall constitute a Default.

(4) For any material breach other than a failure to make payment or transfer funds, the breach shall not result in a Default if the breach cannot reasonably be cured within 14 calendar days, prompt written notice is provided by the breaching Party to the other Party, and the breaching Party began work or other efforts to cure the breach within three Business Days after delivery of the notice to the breaching Party and prosecutes the curative work or efforts with reasonable diligence until the curative work or efforts are completed.

(5) If, due to a Force Majeure Event, a Party is in breach with respect to any obligation hereunder, such breach shall not result in a Default by that Party.

B. Remedies for Default.

(1) ERCOT's Remedies for Default. In the event of a Default by Participant, ERCOT may pursue any remedies ERCOT has under this Agreement, at law, or in equity, subject to the provisions of Section 12, Dispute Resolution, of this Agreement. In the event of a Default by Participant, if the ERCOT Protocols do not specify a remedy for a particular Default, ERCOT may, at its option, upon written notice to Participant, immediately terminate this Agreement, with termination to be

effective upon the date of delivery of notice. In the event of Participant's bankruptcy, Participant waives any right to challenge ERCOT's right to set-off amounts ERCOT owes to Participant by the amount of any sums owed by Participant to ERCOT, including any amounts owed pursuant to the operation of the Protocols.

(2) Participant's Remedies for Default.

(a) Unless otherwise specified in this Agreement or in the ERCOT Protocols, and subject to the provisions of Section 12, Dispute Resolution, of this Agreement, in the event of a Default by ERCOT, Participant's remedies shall be limited to:

(i) Immediate termination of this Agreement upon written notice to ERCOT;

(ii) Monetary recovery in accordance with the Settlement procedures set forth in the ERCOT Protocols; and

(iii) Specific performance.

(b) However, in the event of a material breach by ERCOT of any of its representations, warranties or covenants, Participant's sole remedy shall be immediate termination of this Agreement upon written notice to ERCOT.

(3) A Default or breach of this Agreement by a Party shall not relieve either Party of the obligation to comply with the ERCOT Protocols.

C. Force Majeure.

(1) If, due to a Force Majeure Event, either Party is in breach of this Agreement with respect to any obligation hereunder, such Party shall take reasonable steps, consistent with Good Utility Practice, to remedy such breach. If either Party is unable to fulfill any obligation by reason of a Force Majeure Event, it shall give notice and the full particulars of the obligations affected by such Force Majeure Event to the other Party in writing or by telephone (followed by written notice) as soon as reasonably practicable, but not later than 14 days, after such Party becomes aware of the event. A failure to give timely notice of the Force Majeure event shall constitute a waiver of the claim of Force Majeure Event. The Party experiencing the Force Majeure Event shall also provide notice, as soon as reasonably practicable, when the Force Majeure Event ends.

(2) Notwithstanding the foregoing, a Force Majeure Event does not relieve a Party affected by a Force Majeure Event of its obligation to make payments or of any consequences of non-performance pursuant to the ERCOT Protocols or under this Agreement, except that the excuse from Default provided by subsection 10(A)(5) above is still effective.

D. Duty to Mitigate. Except as expressly provided otherwise herein, each Party shall use commercially reasonable efforts to mitigate any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

Section 11. Limitation of Damages and Liability and Indemnification.

A. EXCEPT AS EXPRESSLY LIMITED IN THIS AGREEMENT OR THE ERCOT PROTOCOLS, ERCOT OR PARTICIPANT MAY SEEK FROM THE OTHER, THROUGH APPLICABLE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THE ERCOT PROTOCOLS, ANY MONETARY DAMAGES OR OTHER REMEDY OTHERWISE ALLOWABLE UNDER TEXAS LAW, AS DAMAGES FOR DEFAULT OR BREACH OF THE OBLIGATIONS UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT NEITHER PARTY IS LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY THAT MAY OCCUR, IN WHOLE OR IN PART, AS A RESULT OF A DEFAULT UNDER THIS AGREEMENT, A TORT, OR ANY OTHER CAUSE, WHETHER OR NOT A PARTY HAD KNOWLEDGE OF THE CIRCUMSTANCES THAT RESULTED IN THE SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY, OR COULD HAVE FORESEEN THAT SUCH DAMAGES OR INJURY WOULD OCCUR.

B. With respect to any dispute regarding a Default or breach by ERCOT of its obligations under this Agreement, ERCOT expressly waives any Limitation of Liability to which it may be entitled under the Charitable Immunity and Liability Act of 1987, Tex. Civ. Prac. & Rem. Code §84.006, or successor statute.

C. The Parties have expressly agreed that, other than subsections A and B of this Section, this Agreement shall not include any other limitations of liability or indemnification provisions, and that such issues shall be governed solely by applicable law, in a manner consistent with Section 13(A), Choice of Law and Venue, of this Agreement, regardless of any contrary provisions that may be included in or subsequently added to the ERCOT Protocols (outside of this Agreement).

Section 12. Dispute Resolution.

A. In the event of a dispute, including a dispute regarding a Default, under this Agreement, Parties to this Agreement shall first attempt resolution of the dispute using the applicable dispute resolution procedures set forth in the ERCOT Protocols.

B. In the event of a dispute, including a dispute regarding a Default, under this Agreement, each Party shall bear its own costs and fees, including, but not limited to attorneys' fees, court costs, and its share of any mediation or arbitration fees.

Section 13. Miscellaneous.

A. Choice of Law and Venue. Notwithstanding anything to the contrary in this Agreement, this Agreement shall be deemed entered into and performable solely in Texas and, with the exception of matters governed exclusively by federal law, shall be governed by and

construed and interpreted in accordance with the laws of the State of Texas that apply to contracts executed in and performed entirely within the State of Texas, without reference to any rules of conflict of laws. Neither Party waives primary jurisdiction as a defense; provided that any court suits regarding this Agreement shall be brought in a state or federal court located within Travis County, Texas, and the Parties hereby waive any defense of forum non-conveniens, except defenses under Tex. Civ. Prac. & Rem. Code §15.002(b).

B. Assignment.

(1) Notwithstanding anything herein to the contrary, a Party shall not assign or otherwise transfer all or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, except that a Party may assign or transfer its rights and obligations under this Agreement without the prior written consent of the other Party (if neither the assigning Party or the assignee is then in Default of any Agreement with ERCOT):

(a) Where any such assignment or transfer is to an Affiliate of the Party; or

(b) Where any such assignment or transfer is to a successor to or transferee of the direct or indirect ownership or operation of all or part of the Party, or its facilities; or

(c) For collateral security purposes to aid in providing financing for itself, provided that the assigning Party will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by either Party pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). If requested by the Party making any such collateral assignment to a Financing Person, the other Party shall execute and deliver a consent to such assignment containing customary provisions, including representations as to corporate authorization, enforceability of this Agreement and absence of known Defaults, notices of Default, and an opportunity for the Financing Person to cure Defaults.

(2) An assigning Party shall provide prompt written notice of the assignment to the other Party. Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve either Party of its obligations under this Agreement, nor shall either Party's obligations be enlarged, in whole or in part, by reason thereof.

C. No Third Party Beneficiary. Except with respect to the rights of the Financing Persons in subsection 13(B)(1)(c), (a) nothing in this Agreement nor any action taken hereunder

shall be construed to create any duty, liability or standard of care to any third party, (b) no third party shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder, and (c) this Agreement is intended solely for the benefit of the Parties, and the Parties expressly disclaim any intent to create any rights in any third party as a third-party beneficiary to this Agreement or the services to be provided hereunder. Nothing in this Agreement shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

D. No Waiver. Parties shall not be required to give notice to enforce strict adherence to all provisions of this Agreement. No breach or provision of this Agreement shall be deemed waived, modified or excused by a Party unless such waiver, modification or excuse is in writing and signed by an authorized officer of such Party. The failure by or delay of either Party in enforcing or exercising any of its rights under this Agreement shall (a) not be deemed a waiver, modification or excuse of such right or of any breach of the same or different provision of this Agreement, and (b) not prevent a subsequent enforcement or exercise of such right. Each Party shall be entitled to enforce the other Party's covenants and promises contained herein, notwithstanding the existence of any claim or cause of action against the enforcing Party under this Agreement or otherwise.

E. Headings. Titles and headings of paragraphs and sections within this Agreement are provided merely for convenience and shall not be used or relied upon in construing this Agreement or the Parties' intentions with respect thereto.

F. Severability. In the event that any of the provisions, or portions or applications thereof, of this Agreement is finally held to be unenforceable or invalid by any court of competent jurisdiction, that determination shall not affect the enforceability or validity of the remaining portions of this Agreement, and this Agreement shall continue in full force and effect as if it had been executed without the invalid provision; provided, however, if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason thereof, the Parties shall promptly enter into negotiations to replace the unenforceable or invalid provision with a valid and enforceable provision. If the Parties are not able to reach an agreement as the result of such negotiations within 14 days, either Party shall have the right to terminate this Agreement on three days' written notice.

G. Entire Agreement. Any exhibits attached to this Agreement are incorporated into this Agreement by reference and made a part of this Agreement as if repeated verbatim in this Agreement. This Agreement represents the Parties' final and mutual understanding with respect to its subject matter. It replaces and supersedes any prior agreements or understandings, whether written or oral. No representations, inducements, promises, or agreements, oral or otherwise, have been relied upon or made by any Party, or anyone on behalf of a Party, that are not fully expressed in this Agreement. An agreement, statement, or promise not contained in this Agreement is not valid or binding.

H. Amendment. The standard form of this Agreement may only be modified through the procedure for modifying ERCOT Protocols described in the ERCOT Protocols. Any

changes to the terms of the standard form of this Agreement shall not take effect until a new Agreement is executed between the Parties.

I. ERCOT's Right to Audit Participant. Participant shall keep detailed records for a period of three years of all activities under this Agreement giving rise to any information, statement, charge, payment or computation delivered to ERCOT under the ERCOT Protocols. Such records shall be retained and shall be available for audit or examination by ERCOT as hereinafter provided. ERCOT has the right during Business Hours and upon reasonable written notice and for reasonable cause to examine the records of Participant as necessary to verify the accuracy of any such information, statement, charge, payment or computation made under this Agreement. If any such examination reveals any inaccuracy in any such information, statement, charge, payment or computation, the necessary adjustments in such information, statement, charge, payment, computation, or procedures used in supporting its ongoing accuracy will be promptly made.

J. Participant's Right to Audit ERCOT. Participant's right to data and audit of ERCOT shall be as described in the ERCOT Protocols and shall not exceed the rights described in the ERCOT Protocols.

K. Further Assurances. Each Party agrees that during the term of this Agreement it will take such actions, provide such documents, do such things and provide such further assurances as may reasonably be requested by the other Party to permit performance of this Agreement.

L. Conflicts. This Agreement is subject to applicable federal, state, and local laws, ordinances, rules, regulations, orders of any Governmental Authority and tariffs. Nothing in this Agreement may be construed as a waiver of any right to question or contest any federal, state and local law, ordinance, rule, regulation, order of any Governmental Authority, or tariff. In the event of a conflict between this Agreement and an applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff, the applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff shall prevail, provided that Participant shall give notice to ERCOT of any such conflict affecting Participant. In the event of a conflict between the ERCOT Protocols and this Agreement, the provisions expressly set forth in this Agreement shall control.

M. No Partnership. This Agreement may not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party has any right, power, or authority to enter any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

N. Construction. In this Agreement, the following rules of construction apply, unless expressly provided otherwise or unless the context clearly requires otherwise:

(1) The singular includes the plural, and the plural includes the singular.

(2) The present tense includes the future tense, and the future tense includes the present tense.

(3) Words importing any gender include the other gender.

(4) The word “shall” denotes a duty.

(5) The word “must” denotes a condition precedent or subsequent.

(6) The word “may” denotes a privilege or discretionary power.

(7) The phrase “may not” denotes a prohibition.

(8) References to statutes, tariffs, regulations, or ERCOT Protocols include all provisions consolidating, amending, or replacing the statutes, tariffs, regulations, or ERCOT Protocols referred to.

(9) References to “writing” include printing, typing, lithography, and other means of reproducing words in a tangible visible form.

(10) The words “including,” “includes,” and “include” are deemed to be followed by the words “without limitation.”

(11) Any reference to a day, week, month or year is to a calendar day, week, month or year unless otherwise indicated.

(12) References to articles, Sections (or subdivisions of Sections), exhibits, annexes or schedules are to this Agreement, unless expressly stated otherwise.

(13) Unless expressly stated otherwise, references to agreements, ERCOT Protocols and other contractual instruments include all subsequent amendments and other modifications to the instruments, but only to the extent the amendments and other modifications are not prohibited by this Agreement.

(14) References to persons or Entities include their respective successors and permitted assigns and, for governmental Entities, Entities succeeding to their respective functions and capacities.

(15) References to time are to Central Prevailing Time (CPT).

O. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

SIGNED, ACCEPTED, AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Agreement.

Electric Reliability Council of Texas, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date: _____

Market Participant Name: _____

Market Participant DUNS: _____

ERCOT Nodal Protocols

Section 22

Attachment E: Notification of Suspension of Operations

June 1, 2013

Notification of Suspension of Operations of a Generation Resource

This Notification is required for providing notification of any Generation Resource suspension lasting greater than 180 days. Information may be inserted electronically to expand the reply spaces as necessary.

The Notification must be signed, notarized and delivered to ERCOT. Delivery may be accomplished via email to mpappl@ercot.com (if a scanned copy) or via facsimile (Attention: Market Participant Registration) at (512) 225-7079.

ERCOT may request additional information as reasonably necessary to support operations under the ERCOT Protocols.

Part I:

Resource Entity: _____

DUNS Number: _____

Resource Site Name: _____

Resource Site Location (County): _____

Unit Name(s): _____

Resource Name(s) (Unit Code/Mnemonic): _____

ESI ID: _____

Seasonal Net Max Sustainable Rating – Summer (MW): _____

Seasonal Net Minimum Sustainable Rating – Summer (MW):_____

Part II:

As of _____ [date],[1] the Generation Resource(s) will be limited or unavailable for Dispatch by ERCOT because Resource Entity will [check one]:

☐ decommission and retire the Generation Resource(s) permanently,[2]

☐ suspend operation on a year-round basis (i.e., mothball) and begin operation on a seasonal basis with a Seasonal Operation Period that begins on_____ and ends on _____ [dates]. The Seasonal Operation Period must be inclusive of June 1 through September 30,

☐ suspend operation (*i.e.*, mothball) of the Generation Resource(s) for a period of not less than _____ months and not greater than _____ months, or

☐ suspend operation (*i.e.*, mothball) of the Generation Resource(s) indefinitely, or

☐ suspend operation of the Generation Resource(s) due to a Forced Outage. Resource Entity intends to bring the Generation Resource(s) back to service on _____ [date].

Unless the Generation Resource(s) will be decommissioned and retired the estimated time to return the suspended Generation Resource(s) to service is _____ months.

Check if applicable: ☐ Resource Entity believes that this Generation Resource(s) is inoperable due to emissions limitations or not being repairable.

Operational and Environmental Limitations (check and describe all that apply):

(a) Operational:

☐ Maximum annual hours of operation: _____

☐ Maximum annual MWhs: _____

☐ Maximum annual starts: _____

☐ Other: _____

(b) Environmental:

☐ Maximum annual NOx emissions: _____

[1] Pursuant to Protocol Section 3.14.1.1, Notification of Suspension of Operations, this date must be at least 90 days from the date ERCOT receives this Notification, unless the suspension is the result of a Forced Outage, in which case the Generation Resource shall submit this Notification as soon as practicable.

[2] ERCOT will remove the Generation Resource(s) from its registration systems if this option is selected.

☐ Maximum annual SO2 emissions: _____

☐ Other: _____

Part III:

Proposed RMR Energy Price ($/MMBtu): _____

Proposed Standby Cost ($/hr): _____

I understand and agree that this Notification is not confidential and does not constitute Protected Information under the ERCOT Protocols. This Notification is not intended to constitute an offer to enter into a binding Agreement, but is intended only as an offer to negotiate the terms of such an Agreement, in accordance with the ERCOT Protocols.

Unless the above Generation Resource(s) is inoperable due to emissions limitations or not being repairable, I certify that Resource Entity is willing to consider entering into an RMR Agreement for the Generation Resource(s).

The undersigned certifies that I am an officer of Resource Entity, that I am authorized to execute and submit this Notification on behalf of Resource Entity, and that the statements contained herein are true and correct.

_____

Name: _____

Title: _____

Date: _____

STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, this day appeared _____, known by me to be the person whose name is subscribed to the foregoing instrument, who, after first being sworn by me deposed and said:

> "I am an officer of _____, I am authorized to execute and submit the foregoing Notification on behalf of _____, and the statements contained in such Notification are true and correct."

SWORN TO AND SUBSCRIBED TO BEFORE ME, the undersigned authority on this the _____ day of _____, 20__.

_____

Notary Public, State of _____

My Commission expires _____

ERCOT Nodal Protocols

Section 22

Attachment F: Standard Form Synchronous Condenser Agreement

February 14, 2013

Standard Form Synchronous Condenser Agreement
Between
(Participant)
And
Electric Reliability Council of Texas, Inc.

This Synchronous Condenser Agreement ("Agreement"), effective as of _____ of _____, _____ ("Effective Date"), is entered into by and between [insert Participant's name], a [insert business Entity type and state] ("Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").

Recitals

WHEREAS:

A. Participant is Resource Entity as defined in the ERCOT Protocols, and Participant intends to supply synchronous condenser service;

B. ERCOT is the Independent Organization certified under the Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §39.151 (Vernon 1998 & Supp. 2007) (PURA) for the ERCOT Region; and

C. The Parties enter into this Agreement in order to establish the terms and conditions by which ERCOT and Participant will discharge their respective duties and responsibilities under the ERCOT Protocols.

Agreements

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, ERCOT and Participant (the "Parties") hereby agree as follows:

Section 1. Unit-Specific Terms.

A. Start Date: _____1, 20_____.

B. Synchronous Condenser Unit: _____.

Term of Service: [check one]

☐ Annual

☐ Agreement Period

C. Description of Synchronous Condenser Unit [*including location, significant operational characteristics, etc.*]:
_____
_____, as described in more detail on Exhibit 1.

D. Capacity in MVA: _____

E. Delivery Point: _____

F. Operational Limitations (check and describe all that apply):

☐ Maximum annual hours of operation: _____
☐ Maximum annual starts: _____
☐ Other: _____

G. Prices:

(1) Hourly Operation Prices

$ _____ Per Operating Hour in which the Synchronous Condenser Unit was instructed to operate and did operate during at least part of the hour.

(2) Hourly Standby Price: $_____

(3) Unexcused Misconduct Amount: $10,000 per unexcused Misconduct Event

H. Notice. All notices required to be given under this Agreement shall be in writing, and shall be deemed delivered three days after being deposited in the U.S. mail, first class postage prepaid, registered (or certified) mail, return receipt requested, addressed to the other Party at the address specified in this Agreement or shall be deemed delivered on the day of receipt if sent in another manner requiring a signed receipt, such as courier delivery or Federal Express delivery. Either Party may change its address for such notices by delivering to the other Party a written notice referring specifically to this Agreement. Notices required under the ERCOT Protocols shall be in accordance with the applicable Section of the ERCOT Protocols.

If to ERCOT:
Electric Reliability Council of Texas, Inc.
7620 Metro Center Drive
Austin, Texas 78744-1654
Tel No. (512) 225-7000
Attn: ERCOT Legal Department

If to Participant:

[insert information]

Section 2. Definitions.

A. Unless herein defined, all definitions and acronyms found in the ERCOT Protocols shall be incorporated by reference into this Agreement.

B. "ERCOT Protocols" shall mean the document adopted by ERCOT, including any attachments or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and Settlement (including

Customer registration) policies, rules, guidelines, procedures, standards, and criteria of ERCOT. For the purposes of determining responsibilities and rights at a given time, the ERCOT Protocols, as amended in accordance with the change procedure(s) described in the ERCOT Protocols, in effect at the time of the performance or non-performance of an action, shall govern with respect to that action.

Section 3. Term and Termination.

A. Term.

(1) This Agreement is effective beginning on the Effective Date.

(2) The term ("Term") of this Agreement is a period of _____ months; provided however, ERCOT, at its sole discretion, may terminate this Agreement prior to the end of the Term by giving 90 days' advance written notice.

(3) Any Term that extends beyond one calendar year requires ERCOT Board approval.

B. Termination by Participant. Participant may, at its option, immediately terminate this Agreement upon the failure of ERCOT to continue to be certified by the Public Utility Commission of Texas (PUCT) as the Independent Organization under PURA §39.151 without the immediate certification of another Independent Organization under PURA §39.151.

C. Termination by Mutual Agreement. This Agreement may be terminated upon written agreement of both parties at a time specified by such agreement; provided that Participant may still recover Eligible Costs (in accordance with the Hourly Standby Price) and Incentive Factor payments already accrued prior to termination pursuant to this Section.

D. Effect of Termination and Survival of Terms. If this Agreement is terminated by a Party pursuant to the terms hereof, the rights and obligations of the Parties hereunder shall terminate, except that the rights and obligations of the Parties that have accrued under this Agreement prior to the date of termination shall survive.

Section 4. Representations, Warranties, and Covenants.

A. Participant represents, warrants, and covenants that:

(1) Participant is duly organized, validly existing and in good standing under the laws of the jurisdiction under which it is organized, and is authorized to do business in Texas;

(2) Participant has full power and authority to enter into this Agreement and perform all of Participant's obligations, representations, warranties, and covenants under this Agreement;

(3) Participant's past, present and future agreements or Participant's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which Participant is a party or by which its assets or properties are bound do not materially affect performance of Participant's obligations under this Agreement;

(4) The execution, delivery and performance of this Agreement by Participant have been duly authorized by all requisite action of its governing body;

(5) Except as set out in an exhibit (if any) to this Agreement, ERCOT has not, within the 24 months preceding the Effective Date, terminated for Default any Prior Agreement with Participant, any company of which Participant is a successor in interest, or any Affiliate of Participant;

(6) If any Defaults are disclosed on any such exhibit mentioned in subsection 4(A)(5), either (a) ERCOT has been paid, before execution of this Agreement, all sums due to it in relation to such Prior Agreement, or (b) ERCOT, in its reasonable judgment, has determined that this Agreement is necessary for system reliability, and Participant has made alternate arrangements satisfactory to ERCOT for the resolution of the Default under the Prior Agreement; Participant is a successor in interest or any Affiliates of Participant;

(7) Participant has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(8) Participant is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(9) Participant is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt;

(10) Participant acknowledges that it has received and is familiar with the ERCOT Protocols; and

(11) Participant acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the Term of this Agreement. For purposes of this Section, "materially affecting performance" means resulting in a materially adverse effect on Participant's performance of its obligations under this Agreement.

B. ERCOT represents, warrants, and covenants that:

(1) ERCOT is the Independent Organization certified under PURA §39.151 for the ERCOT Region;

(2) ERCOT is duly organized, validly existing and in good standing under the laws of Texas, and is authorized to do business in Texas;

(3) ERCOT has full power and authority to enter into this Agreement and perform all of ERCOT's obligations, representations, warranties, and covenants under this Agreement;

(4) ERCOT's past, present and future agreements or ERCOT's organizational charter or bylaws, if any, or any provision of any indenture, mortgage, lien, lease, agreement, order, judgment, or decree to which ERCOT is a party or by which its assets or properties are bound do not materially affect performance of ERCOT's obligations under this Agreement;

(5) The execution, delivery and performance of this Agreement by ERCOT have been duly authorized by all requisite action of its governing body;

(6) ERCOT has obtained, or will obtain prior to beginning performance under this Agreement, all licenses, registrations, certifications, permits and other authorizations and has taken, or will take prior to beginning performance under this Agreement, all actions required by applicable laws or governmental regulations except licenses, registrations, certifications, permits or other authorizations that do not materially affect performance under this Agreement;

(7) ERCOT is not in violation of any laws, ordinances, or governmental rules, regulations or order of any Governmental Authority or arbitration board materially affecting performance of this Agreement and to which it is subject;

(8) ERCOT is not Bankrupt, does not contemplate becoming Bankrupt nor, to its knowledge, will become Bankrupt; and

(9) ERCOT acknowledges and affirms that the foregoing representations, warranties, and covenants are continuing in nature throughout the Term of this Agreement. For purposes of this Section, "materially affecting performance," means resulting in a materially adverse effect on ERCOT's performance of its obligations under this Agreement.

Section 5. Participant Obligations.

A. Participant shall comply with, and be bound by, all ERCOT Protocols as they pertain to provision of synchronous condenser service by a Resource Entity.

B. Participant shall not take any action, without first providing written notice to ERCOT and reasonable time for ERCOT and Market Participants to respond, that would cause a Market Participant within the ERCOT Region that is not a "public utility" under the Federal Power Act, 16 U.S.C. § 824(e)(2005), or ERCOT itself to become a "public

utility" under the Federal Power Act or become subject to the plenary jurisdiction of the Federal Energy Regulatory Commission (FERC).

Section 6. ERCOT Obligations.

A. ERCOT shall comply with, and be bound by, all ERCOT Protocols.

B. ERCOT shall not take any action, without first providing written notice to Participant and reasonable time for Participant and other Market Participants to respond, that would cause Participant, if Participant is not a "public utility" under the Federal Power Act, or ERCOT itself to become a "public utility" under the Federal Power Act or become subject to the plenary jurisdiction of the FERC. If ERCOT receives any notice similar to that described in Section 5(B) from any Market Participant, ERCOT shall provide notice of same to Participant.

Section 7. Intentionally Omitted

Section 8. Operation.

A. Synchronous Condenser Unit Maintenance. Before the start of each contract Term, Participant shall furnish ERCOT with its proposed schedule for Planned Outages for inspection, repair, maintenance, and overhaul of the Synchronous Condenser Unit for the contract Term. Participant will promptly advise ERCOT of any later changes to the schedule. The specific times for Planned Outages of the Synchronous Condenser Unit must be approved or rejected by ERCOT within 30 days after submission by a Participant. Requested Outages shall only be rejected if necessary to assure reliability of the ERCOT System. ERCOT shall, if requested by Participant, endeavor to accommodate changes to the schedule to the extent that reliability of the ERCOT System is not materially affected by those changes. In all cases, ERCOT must find a time for Participant to perform maintenance in a reasonable timeframe as defined by Good Utility Practice.

B. Planning Data. Participant shall timely report to ERCOT those items and conditions necessary for ERCOT's internal planning and compliance with ERCOT's guidelines in effect from time to time. The information supplied must include, without limitation, the following:

(1) Availability Plan for each hour of the next Operating Day submitted by 0600 of the preceding day;

(2) Revised Availability Plan reflecting changes in hourly availability of Synchronous Condenser Unit status as soon as reasonably practical, but in no event later than 60 minutes after the event that caused the change; and

(3) Status of Synchronous Condenser Unit with respect to environmental limitations, if any.

ERCOT shall timely report to Participant the status of the Synchronous Condenser Unit with respect to Operational Limitations.

C. Delivery.

(1) ERCOT shall notify Participant, through its Qualified Scheduling Entity (QSE), of the hours and levels of generation, if any, that the Synchronous Condenser Unit is to operate. This information is called the "Delivery Plan." ERCOT shall not notify Participant to operate at levels above those stated in the Availability Plan, and ERCOT shall not notify Participant to operate the Synchronous Condenser Unit in a way that would violate the limitations on operation set out in Section 1, Unit Specific Terms, above.

(2) Participant shall produce and deliver Volt-Amperes reactive (VArs) from the Synchronous Condenser Unit to the Delivery Point at the levels specified in the Delivery Plan.

(3) ERCOT may Dispatch the Synchronous Condenser Unit only as described in the ERCOT Protocols. ERCOT may not Dispatch the Synchronous Condenser Unit if compliance with the Dispatch would cause the Synchronous Condenser Unit to exceed the Operational Limitations, if any, set forth in Section 1 above or at levels greater than are shown in the Availability Plan. Notwithstanding the foregoing, Participant retains the responsibility for operating the Synchronous Condenser Unit in accordance with limits provided by applicable law.

Section 9. Payment.

A. Hourly Operation Payments for the Synchronous Condenser Unit. ERCOT shall pay Participant, through Participant's QSE, for all hours or partial hours that the Synchronous Condenser Unit was connected to the ERCOT Transmission Grid due to an instruction from ERCOT. The payment for each hour or partial hour will be the Synchronous Condenser Unit Hourly Operation Price.

B. Hourly Standby Price Payments for a Synchronous Condenser Unit.

(1) "Available" means, with respect to a given hour, that Participant has declared, in its Availability Plan, that the Synchronous Condenser Unit is able to synchronize to the ERCOT Transmission Grid, provided that the Synchronous Condenser Unit is not Available if it has failed a synchronous condenser test or has failed to synchronize to the ERCOT Transmission Grid when required to do so under this Agreement, and it has not since passed a subsequent synchronous condenser test.

(2) "Hourly Rolling Equivalent Availability Factor (EAF)" means, with respect to a given hour, the quotient (expressed as a percentage) of (a) the number of hours, including the given hour and the immediately preceding 4,379 hours, in which the Synchronous Condenser Unit was Available, divided by (b) 4,380; provided that, to the extent that 4,379 hours have not elapsed since the Start Date (the difference between 4,379 and the hours that have elapsed being referred to herein as the

"Assumed Hours"), the Synchronous Condenser Unit shall be deemed, for purposes of this calculation, to be Available for that Assumed Hour. A Force Majeure Event is treated the same as any other cause for unavailability for the purposes of calculating Hourly Rolling EAF.

(3) "Hourly Standby Fee" means, with respect to a given hour, the result determined from the following table:

Hourly Rolling EAF	Hourly Standby Fee
If Hourly Rolling EAF is more than or equal to 85%	Hourly Standby Price ($)
If Hourly Rolling EAF is less than 85% but more than 35%	Hourly Standby Price * [100%-(85%-Hourly Rolling EAF) * 2] ($)
If Hourly Rolling EAF is equal to or less than 35%	Zero

C. ERCOT shall pay Participant for each successful Instructed Start at the Start Price. "Instructed Start" is the start of the operation of the Synchronous Condenser Unit at ERCOT's request.

D. Performance-Related Payment Adjustments.

(1) For a Synchronous Condenser Unit, a "Misconduct Event" means any hour or hours during which Participant is requested to, but does not, synchronize the Synchronous Condenser Unit to the ERCOT Transmission Grid during any hour in which the Synchronous Condenser Unit is shown Available in the Availability Plan.

(2) Each day that a Misconduct Event continues after Participant receives written notice from ERCOT of the Misconduct Event is a separate Misconduct Event. Misconduct Event is measured on a daily basis.

(3) Participant is excused from the Misconduct Event payment reduction arising from any Misconduct Event that is (a) not due to intentionally incomplete, inaccurate, or dishonest reporting to ERCOT by Participant of the availability of the Synchronous Condenser Unit, or (b) caused by a failure of the ERCOT Transmission Grid.

(4) If a Misconduct Event is not excused, then to reflect this lower-than-expected quality of firmness, ERCOT's payments to Participant are reduced by the Unexcused Misconduct Amount.

(5) ERCOT shall inform Participant in writing of its determination if a Misconduct Event is unexcused.

(6) ERCOT may offset any amounts due by Participant to ERCOT under this Section against any amounts due by ERCOT to Participant under this Agreement.

Section 10. Default.

A. Event of Default.

(1) Failure to make payment or transfer funds as provided in the ERCOT Protocols shall constitute a material breach and shall constitute an event of default ("Default") unless cured within three Business Days after delivery by the non-breaching Party of written notice of the failure to the breaching Party. Provided further that if such a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three times within a rolling 12-month period, the fourth such breach shall constitute a Default by the breaching Party.

(2) For any material breach other than a failure to make payment or transfer funds, the occurrence and continuation of any of the following events shall constitute an event of Default by Participant:

(a) Except as excused under subsection (4) or (5) below, a material breach, other than a failure to make payment or transfer funds, of this Agreement by Participant, including any material failure by Participant to comply with the ERCOT Protocols, unless cured within 14 Business Days after delivery by ERCOT of written notice of the material breach to Participant. Participant must begin work or other efforts within three Business Days to cure such material breach after delivery by ERCOT of written notice of such material breach by Participant and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three times within a rolling 12-month period, the fourth such breach shall constitute a Default.

(b) Participant becomes Bankrupt, except for the filing of a petition in involuntary bankruptcy, or similar involuntary proceeding, that is dismissed within 90 days thereafter.

(c) The Synchronous Condenser Unit's operation is abandoned without intent to return it to operation during the Term;

(d) At any time, the Hourly Rolling EAF is equal to or less than 50%; or

(e) Three or more unexcused Misconduct Events occur during a contract Term.

(3) Except as excused under subsection (4) or (5) below, a material breach of this Agreement by ERCOT, including any material failure by ERCOT to comply with

the ERCOT Protocols, other than a failure to make payment or transfer funds, shall constitute a Default by ERCOT unless cured within 14 Business Days after delivery by Participant of written notice of the material breach to ERCOT. ERCOT must begin work or other efforts within three Business Days to cure such material breach after delivery by Participant of written notice of such material breach by ERCOT and must prosecute such work or other efforts with reasonable diligence until the breach is cured. Provided further that if a material breach, regardless of whether such breach is cured within the allotted time after notice of the material breach, occurs more than three times within a rolling 12-month period, the fourth such breach shall constitute a Default.

(4) For any material breach other than a failure to make payment or transfer funds, the breach shall not result in a Default if the breach cannot reasonably be cured within 14 calendar days, prompt written notice is provided by the breaching Party to the other Party, and the breaching Party began work or other efforts to cure the breach within three Business Days after delivery of the notice to the breaching Party and prosecutes the curative work or efforts with reasonable diligence until the curative work or efforts are completed.

(5) If, due to a Force Majeure Event, a Party is in breach with respect to any obligation hereunder, such breach shall not result in a Default by that Party.

B. Remedies for Default.

(1) ERCOT's Remedies for Default. In the event of a Default by Participant, ERCOT may pursue any remedies ERCOT has under this Agreement, at law, or in equity, subject to the provisions of Section 12, Dispute Resolution, of this Agreement. In the event of a Default by Participant, if the ERCOT Protocols do not specify a remedy for a particular Default, ERCOT may, at its option, upon written notice to Participant, immediately terminate this Agreement, with termination to be effective upon the date of delivery of notice. In the event of Participant's bankruptcy, Participant waives any right to challenge ERCOT's right to set-off amounts ERCOT owes to Participant by the amount of any sums owed by Participant to ERCOT, including any amounts owed pursuant to the operation of the Protocols.

(2) Participant's Remedies for Default.

(a) Unless otherwise specified in this Agreement or in the ERCOT Protocols, and subject to the provisions of Section 12, Dispute Resolution, of this Agreement, in the event of a Default by ERCOT, Participant's remedies shall be limited to:

(i) Immediate termination of this Agreement upon written notice to ERCOT,

(ii) Monetary recovery in accordance with the Settlement procedures set forth in the ERCOT Protocols, and

(iii) Specific performance.

(b) However, in the event of a material breach by ERCOT of any of its representations, warranties or covenants, Participant's sole remedy shall be immediate termination of this Agreement upon written notice to ERCOT.

(3) A Default or breach of this Agreement by a Party shall not relieve either Party of the obligation to comply with the ERCOT Protocols.

C. Force Majeure.

(1) If, due to a Force Majeure Event, either Party is in breach of this Agreement with respect to any obligation hereunder, such Party shall take reasonable steps, consistent with Good Utility Practice, to remedy such breach. If either Party is unable to fulfill any obligation by reason of a Force Majeure Event, it shall give notice and the full particulars of the obligations affected by such Force Majeure Event to the other Party in writing or by telephone (followed by written notice) as soon as reasonably practicable, but not later than 14 days, after such Party becomes aware of the event. A failure to give timely notice of the Force Majeure Event shall constitute a waiver of the claim of Force Majeure Event. The Party experiencing the Force Majeure Event shall also provide notice, as soon as reasonably practicable, when the Force Majeure Event ends.

(2) Notwithstanding the foregoing, a Force Majeure Event does not relieve a Party affected by a Force Majeure Event of its obligation to make payments or of any consequences of non-performance pursuant to the ERCOT Protocols or under this Agreement, except that the excuse from Default provided by subsection (A)(5) above is still effective.

D. Duty to Mitigate. Except as expressly provided otherwise herein, each Party shall use commercially reasonable efforts to mitigate any damages it may incur as a result of the other Party's performance or non-performance of this Agreement.

Section 11. Limitation of Damages and Liability and Indemnification.

A. EXCEPT AS EXPRESSLY LIMITED IN THIS AGREEMENT OR THE ERCOT PROTOCOLS, ERCOT OR PARTICIPANT MAY SEEK FROM THE OTHER, THROUGH APPLICABLE DISPUTE RESOLUTION PROCEDURES SET FORTH IN THE ERCOT PROTOCOLS, ANY MONETARY DAMAGES OR OTHER REMEDY OTHERWISE ALLOWABLE UNDER TEXAS LAW, AS DAMAGES FOR DEFAULT OR BREACH OF THE OBLIGATIONS UNDER THIS AGREEMENT; PROVIDED, HOWEVER, THAT NEITHER PARTY IS LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OR INJURY THAT MAY OCCUR, IN WHOLE OR IN PART, AS A RESULT OF A DEFAULT UNDER THIS AGREEMENT, A TORT, OR ANY OTHER CAUSE, WHETHER OR NOT A PARTY HAD KNOWLEDGE OF THE CIRCUMSTANCES THAT RESULTED IN THE SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL

DAMAGES OR INJURY, OR COULD HAVE FORESEEN THAT SUCH DAMAGES OR INJURY WOULD OCCUR.

B. With respect to any dispute regarding a Default or breach by ERCOT of its obligations under this Agreement, ERCOT expressly waives any limitation of liability to which it may be entitled under the Charitable Immunity and Liability Act of 1987, Tex. Civ. Prac. & Rem. Code §84.006, or successor statute.

C. The Parties have expressly agreed that, other than subsections (A) and (B) of this Section, this Agreement shall not include any other limitations of liability or indemnification provisions, and that such issues shall be governed solely by applicable law, in a manner consistent with Section 13(A), Choice of Law and Venue, of this Agreement, regardless of any contrary provisions that may be included in or subsequently added to the ERCOT Protocols (outside of this Agreement).

Section 12. Dispute Resolution.

A. In the event of a dispute, including a dispute regarding a Default, under this Agreement, Parties to this Agreement shall first attempt resolution of the dispute using the applicable dispute resolution procedures set forth in the ERCOT Protocols.

B. In the event of a dispute, including a dispute regarding a Default, under this Agreement, each Party shall bear its own costs and fees, including, but not limited to attorneys' fees, court costs, and its share of any mediation or arbitration fees.

Section 13. Miscellaneous.

A. Choice of Law and Venue. Notwithstanding anything to the contrary in this Agreement, this Agreement shall be deemed entered into and performable solely in Texas and, with the exception of matters governed exclusively by federal law, shall be governed by and construed and interpreted in accordance with the laws of the State of Texas that apply to contracts executed in and performed entirely within the State of Texas, without reference to any rules of conflict of laws. Neither Party waives primary jurisdiction as a defense; provided that any court suits regarding this Agreement shall be brought in a state or federal court located within Travis County, Texas, and the Parties hereby waive any defense of forum non-conveniens, except defenses under Tex. Civ. Prac. & Rem. Code §15.002(b).

B. Assignment.

(1) Notwithstanding anything herein to the contrary, a Party shall not assign or otherwise transfer all or any of its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably withheld or delayed, except that a Party may assign or transfer its rights and obligations under this Agreement without the prior written consent of the other Party (if neither the assigning Party or the assignee is then in Default of any Agreement with ERCOT):

(a) Where any such assignment or transfer is to an Affiliate of the Party; or

(b) Where any such assignment or transfer is to a successor to or transferee of the direct or indirect ownership or operation of all or part of the Party, or its facilities; or

(c) For collateral security purposes to aid in providing financing for itself, provided that the assigning Party will require any secured party, trustee or mortgagee to notify the other Party of any such assignment. Any financing arrangement entered into by either Party pursuant to this Section will provide that prior to or upon the exercise of the secured party's, trustee's or mortgagee's assignment rights pursuant to said arrangement, the secured creditor, the trustee or mortgagee will notify the other Party of the date and particulars of any such exercise of assignment right(s). If requested by the Party making any such collateral assignment to a Financing Person, the other Party shall execute and deliver a consent to such assignment containing customary provisions, including representations as to corporate authorization, enforceability of this Agreement and absence of known Defaults, notices of Default, and an opportunity for the Financing Person to cure Defaults.

(2) An assigning Party shall provide prompt written notice of the assignment to the other Party. Any attempted assignment that violates this Section is void and ineffective. Any assignment under this Agreement shall not relieve either Party of its obligations under this Agreement, nor shall either Party's obligations be enlarged, in whole or in part, by reason thereof.

C. No Third Party Beneficiary. Except with respect to the rights of the Financing Persons in subsection 13(B)(1)(c), (a) nothing in this Agreement nor any action taken hereunder shall be construed to create any duty, liability or standard of care to any third party, (b) no third party shall have any rights or interest, direct or indirect, in this Agreement or the services to be provided hereunder and (c) this Agreement is intended solely for the benefit of the Parties, and the Parties expressly disclaim any intent to create any rights in any third party as a third-party beneficiary to this Agreement or the services to be provided hereunder. Nothing in this Agreement shall create a contractual relationship between one Party and the customers of the other Party, nor shall it create a duty of any kind to such customers.

D. No Waiver. Parties shall not be required to give notice to enforce strict adherence to all provisions of this Agreement. No breach or provision of this Agreement shall be deemed waived, modified or excused by a Party unless such waiver, modification or excuse is in writing and signed by an authorized officer of such Party. The failure by or delay of either Party in enforcing or exercising any of its rights under this Agreement shall (a) not be deemed a waiver, modification or excuse of such right or of any breach of the same or different provision of this Agreement, and (b) not prevent a subsequent enforcement or exercise of such right. Each Party shall be entitled to enforce the other Party's covenants

and promises contained herein, notwithstanding the existence of any claim or cause of action against the enforcing Party under this Agreement or otherwise.

E. Headings. Titles and headings of paragraphs and sections within this Agreement are provided merely for convenience and shall not be used or relied upon in construing this Agreement or the Parties' intentions with respect thereto.

F. Severability. In the event that any of the provisions, or portions or applications thereof, of this Agreement is finally held to be unenforceable or invalid by any court of competent jurisdiction, that determination shall not affect the enforceability or validity of the remaining portions of this Agreement, and this Agreement shall continue in full force and effect as if it had been executed without the invalid provision; provided, however, if either Party determines, in its sole discretion, that there is a material change in this Agreement by reason thereof, the Parties shall promptly enter into negotiations to replace the unenforceable or invalid provision with a valid and enforceable provision. If the Parties are not able to reach an agreement as the result of such negotiations within 14 days, either Party shall have the right to terminate this Agreement on three days' written notice.

G. Entire Agreement. Any exhibits attached to this Agreement are incorporated into this Agreement by reference and made a part of this Agreement as if repeated verbatim in this Agreement. This Agreement represents the Parties' final and mutual understanding with respect to its subject matter. It replaces and supersedes any Prior Agreements or understandings, whether written or oral. No representations, inducements, promises, or agreements, oral or otherwise, have been relied upon or made by any Party, or anyone on behalf of a Party, that are not fully expressed in this Agreement. An agreement, statement, or promise not contained in this Agreement is not valid or binding.

H. Amendment. The standard form of this Agreement may only be modified through the procedure for modifying ERCOT Protocols described in the ERCOT Protocols. Any changes to the terms of the standard form of this Agreement shall not take effect until a new Agreement is executed between the Parties.

I. ERCOT's Right to Audit Participant. Participant shall keep detailed records for a period of three years of all activities under this Agreement giving rise to any information, statement, charge, payment or computation delivered to ERCOT under the ERCOT Protocols. Such records shall be retained and shall be available for audit or examination by ERCOT as hereinafter provided. ERCOT has the right during Business Hours and upon reasonable written notice and reasonable cause to examine the records of Participant as necessary to verify the accuracy of any such information, statement, charge, payment or computation made under this Agreement. If any such examination reveals any inaccuracy in any information, statement, charge, payment or computation, the necessary adjustments in such information, statement, charge, payment, computation, or procedures used in supporting its ongoing accuracy will be promptly made.

J. Participant's Right to Audit ERCOT. Participant's right to data and audit of ERCOT shall be as described in the ERCOT Protocols and shall not exceed the rights described in the ERCOT Protocols.

K. Further Assurances. Each Party agrees that during the Term of this Agreement it will take such actions, provide such documents, do such things and provide such further assurances as may reasonably be requested by the other Party to permit performance of this Agreement.

L. Conflicts. This Agreement is subject to applicable federal, state, and local laws, ordinances, rules, regulations, orders of any Governmental Authority and tariffs. Nothing in this Agreement may be construed as a waiver of any right to question or contest any federal, state and local law, ordinance, rule, regulation, order of any Governmental Authority, or tariff. In the event of a conflict between this Agreement and an applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff, the applicable federal, state, and local law, ordinance, rule, regulation, order of any Governmental Authority or tariff shall prevail, provided that Participant shall give notice to ERCOT of any such conflict affecting Participant. In the event of a conflict between the ERCOT Protocols and this Agreement, the provisions expressly set forth in this Agreement shall control.

M. No Partnership. This Agreement may not be interpreted or construed to create an association, joint venture, or partnership between the Parties or to impose any partnership obligation or liability upon either Party. Neither Party has any right, power, or authority to enter any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

N. Construction. In this Agreement, the following rules of construction apply, unless expressly provided otherwise or unless the context clearly requires otherwise:

(1) The singular includes the plural, and the plural includes the singular.

(2) The present tense includes the future tense, and the future tense includes the present tense.

(3) Words importing any gender include the other gender.

(4) The word "shall" denotes a duty.

(5) The word "must" denotes a condition precedent or subsequent.

(6) The word "may" denotes a privilege or discretionary power.

(7) The phrase "may not" denotes a prohibition.

(8) References to statutes, tariffs, regulations or ERCOT Protocols include all provisions consolidating, amending, or replacing the statutes, tariffs, regulations or ERCOT Protocols referred to.

(9) References to "writing" include printing, typing, lithography, and other means of reproducing words in a tangible visible form.

(10) The words "including," "includes," and "include" are deemed to be followed by the words "without limitation."

(11) Any reference to a day, week, month or year is to a calendar day, week, month or year unless otherwise indicated.

(12) References to articles, Sections (or subdivisions of Sections), exhibits, annexes or schedules are to this Agreement, unless expressly stated otherwise.

(13) Unless expressly stated otherwise, references to agreements, ERCOT Protocols and other contractual instruments include all subsequent amendments and other modifications to the instruments, but only to the extent the amendments and other modifications are not prohibited by this Agreement.

(14) References to persons or entities include their respective successors and permitted assigns and, for governmental Entities, Entities succeeding to their respective functions and capacities.

(15) References to time are to Central Prevailing Time (CPT).

O. Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

SIGNED, ACCEPTED AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Agreement.

Electric Reliability Council of Texas, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date: _____

Market Participant Name: _____

Market Participant DUNS: _____

ERCOT Nodal Protocols

Section 22

Attachment G: Standard Form Emergency Response Service Agreement

June 1, 2013

Standard Form Emergency Response Service (ERS)
Supplement to Market Participant Agreement
Between
(Name of Participant)
and
Electric Reliability Council of Texas, Inc.

This Supplement to Market Participant Agreement ("Supplement"), effective as of [START DATE] ("Start Date"), is entered into by and between [PARTICIPANT's NAME], a Qualified Scheduling Entity in the ERCOT Region ("QSE" or "Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").[1]

Recitals

WHEREAS:

A. The Public Utility Commission of Texas ("PUCT") instituted its Substantive Rule 25.507, "Electric Reliability Council of Texas (ERCOT) Emergency Response Service" ("ERS Rule") providing for ERCOT's administration of a special emergency service known as Emergency Response Service ("ERS"); and

B. Participant is a QSE in the ERCOT Region and has executed a Standard Form Market Participant Agreement ("Market Participant Agreement") with ERCOT; and

C. Participant is the QSE representing an entity or entities controlling ERS Resource(s) that will be obligated to provide ERS within a competitive service territory or a Non-Opt In Entity ("NOIE") service territory after obtaining written authorization from the NOIE; and

D. Participant and ERCOT wish to supplement the Market Participant Agreement between Participant and ERCOT to provide for Participant to represent ERS Resources wishing to participate in the ERS; and

E. The Parties enter into this Supplement in order to establish the terms and conditions by which ERCOT and Participant will discharge their respective duties and responsibilities with respect to ERS.

Agreements

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, ERCOT and Participant (the "Parties") hereby agree as follows:

[1] Unless otherwise indicated, capitalized terms in this Agreement have the meanings ascribed to them in the ERCOT Protocols.

A. All terms and conditions of the Market Participant Agreement between Participant and ERCOT remain in full force and effect.

B. In addition to its obligations under the Market Participant Agreement with ERCOT, Participant will submit offers for ERS on behalf of the entities determined by Participant to be qualified to provide ERS for a particular Contract Period as described in a Request for Proposal issued by ERCOT.

C. Participant and ERCOT will abide by and comply with the ERS Rule as well as all ERCOT Protocols and Technical Requirements concerning ERS.

D. Participant and ERCOT agree that each award of ERS will be confirmed by a terms and conditions sheet ("Award Notification") provided by ERCOT to Participant.

E. Either Party may terminate this Supplement by providing 30 days notice to the other Party; *provided*, *however*, no termination of this Supplement will be effective before the end of an ERS Contract Period for which ERCOT has already issued an Award Notification to Participant.

F. This Supplement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

SIGNED, ACCEPTED, AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that s/he has full power and authority to execute this Supplement.

Electric Reliability Council of Texas, Inc.:

By: _____

Printed Name: _____

Title: _____

Date: _____

Participant:

By: _____

Printed Name:_____

Title: _____

Date: _____

ERCOT Nodal Protocols

Section 22

Attachment H: Notification of Change of Generation Resource Designation

June 1, 2013

Notification of Change of Generation Resource Designation

This Notification is for changing a Generation Resource designation in accordance with the ERCOT Protocols. Information may be inserted electronically to expand the reply spaces as necessary.

The Notification must be signed, notarized and delivered to ERCOT. Delivery may be accomplished via email to mpappl@ercot.com (if a scanned copy) or via facsimile (Attention: Market Participant Registration) at (512) 225-7079. ERCOT may request additional information as reasonably necessary to support operations under the ERCOT Protocols.

Resource Entity: _____

DUNS No.: _____

Generation Resource(s) [plant and unit number(s)] _____

Generation Resource(s) is currently [check one]

- ☐ under a Reliability Must-Run (RMR) Agreement
- ☐ mothballed under a Seasonal Operation Period
- ☐ mothballed

As of _____ [date], Resource Entity will change the Generation Resource(s) designation to [check one]

- ☐ operational (for a Mothballed Generation Resource operating under a Seasonal Operation Period, selecting this option means that the Generation Resource is returning to year round service)
- ☐ mothballed (a Mothballed Generation Resource operating under a Seasonal Operation Period may not select this option, and must instead use the Section 22, Attachment E, Notification of Suspension of Operation form to change to a different mothballed status)
- ☐ decommissioned and retired permanently[1] (a Mothballed Generation Resource operating under a Seasonal Operation Period may not select this option and must

[1] ERCOT will remove the Generation Resource(s) from its registration systems if this option is selected, , in accordance with Section 3.14.1.9, Generation Resource Return to Service Updates, upon Resource Entity updating Resource registration accordingly.

instead use the form in Section 22, Attachment E to be designated as decommissioned)

☐ Mothballed Generation Resource operating under a Seasonal Operation Period, updating start date or end date of Seasonal Operation Period

As of _____ [date], a Mothballed Generation Resource will change its Seasonal Operation Period as follows:

☐ change start date of Seasonal Operation Period from ____ to _____

☐ change end date of Seasonal Operation Period from ____ to _____

The undersigned certifies that I am an officer of Resource Entity, that I am authorized to execute and submit this Notification on behalf of Resource Entity, and that the statements contained herein are true and correct.

_____

Name: _____

Title: _____

Date: _____

STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, this day appeared _____, known by me to be the person whose name is subscribed to the foregoing instrument, who, after first being sworn by me deposed and said:

"I am an officer of _____, I am authorized to execute and submit the foregoing Notification on behalf of _____, and the statements contained in such Notification are true and correct."

SWORN TO AND SUBSCRIBED TO BEFORE ME, the undersigned authority on this the _____ day of _____, 20__.

_____

Notary Public, State of _____

My Commission expires _____

ERCOT Nodal Protocols

Section 22

Attachment I: Amendment to Standard Form Black Start Agreement

January 1, 2013

Amendment to
Standard Form Black Start Agreement
Between
(Name of Participant)
and
Electric Reliability Council of Texas, Inc.

This AMENDMENT to the Standard Form Black Start Agreement ("Amendment"), effective as of the _____ day of _____, _____ ("Effective Date"), is entered into by and between (Participant), a [State of Registration and Entity Type] ("Participant") and Electric Reliability Council of Texas, Inc., a Texas non-profit corporation ("ERCOT").

Recitals

WHEREAS, Participant and ERCOT entered into a Standard Form Black Start Agreement (Agreement) dated _____; and

WHEREAS, Participant and ERCOT wish to amend that Agreement to substitute the current Black Start Resource with an alternative Generation Resource that will now serve as the designated Black Start Resource under the Agreement.

NOW, THEREFORE, Participant and ERCOT agree that paragraphs (A) and (B) of Section 1, Resource-Specific Terms, of that Agreement shall be deleted in its entirety and replaced with the following:

Section 1. Resource-Specific Terms.

A. Start Date: _____.

B. Black Start Resource.

(1) Description of Black Start Resource [including location, number of generators, metering scheme, etc.]:

_____
_____, as described in more detail on Exhibit 1.

(2) Nameplate Capacity in MW: _____

(3) Delivery Point: _____

(4) Revenue Meter Location (use Resource IDs): _____

This Amendment modifies the existing Agreement only to include the Resource-specific terms designated above by Participant.

This Amendment in no way alters the terms and conditions of the existing Agreement other than as specifically set forth herein.

SIGNED, ACCEPTED AND AGREED TO by each undersigned signatory who, by signature hereto, represents and warrants that he or she has full power and authority to execute this Amendment to the Standard Form Black Start Agreement.

Electric Reliability Council of Texas, Inc.:

By: _____

Name: _____

Title: _____

Date: _____

Participant:

By: _____

Name: _____

Title: _____

Date: _____

Market Participant Name: _____

Market Participant DUNS: _____

ERCOT Nodal Protocols

Section 22

Attachment J: Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements

October 1, 2013

Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements

Counter-Party Name: _____ ("Counter-Party")

I, _____, a duly authorized officer or executive of Counter-Party, understanding that Electric Reliability Council of Texas, Inc. ("ERCOT") is relying on this Certification as evidence that Counter-Party meets the minimum participation requirements set forth in the ERCOT Protocols, hereby represent that I have full authority to bind the Counter-Party and further certify and represent the following:

1. **Expertise in Markets.** All employees or agents transacting in ERCOT markets pursuant to the ERCOT Protocols have had appropriate training and/or experience and are qualified and authorized to transact on behalf of the Counter-Party.

2. **Market Operational Capabilities.** Counter-Party has appropriate market operating procedures and technical abilities to promptly and effectively respond to all ERCOT market communications.

3. **Capitalization.** Counter-Party has read and agrees to the capitalization requirements as detailed in the ERCOT Protocols.

4. **Risk Management Capabilities.** Counter-Party maintains appropriate, comprehensive risk management capabilities with respect to the ERCOT markets in which the Counter-Party transacts or wishes to transact.

5. **Verification of Risk Management Framework.** Counter-Party has read and agrees to the requirements for verification of its risk management framework as detailed in the ERCOT Protocols.

   Risk management framework verification processes undertaken by ERCOT or a third party acting on ERCOT's behalf are by necessity limited in scope and nature and cannot address their appropriateness or sufficiency with respect to the full range of risks that may face a Counter-Party or that all such capabilities and controls are in fact operating as purported. In performing an assessment of risk management framework, ERCOT or its agent rely on the assertions and documentary evidence produced by the Counter-Party, and accept no liability for the consequences of insufficient implementation or effectiveness in mitigating risks of the Counter-Party or the impact of risks upon the financial strength of the Counter-Party with respect to ERCOT or

other Independent System Operator/Regional Transmission Operator - administered markets.

☐ By checking this box, I further certify and represent that there has been no material change in internal risk management capabilities since last verified by ERCOT.

☐ By checking this box, I further certify and represent that Counter-Party is:

(a) An "Appropriate Person" as defined in sections 4(c)(3)(A) through (J) of the Commodity Exchange Act (7 U.S.C. § 6(c)(3)(A)-(J));

(b) An "Eligible Contract Participant" as defined in section 1a(18)(A) of the Commodity Exchange Act (7 U.S.C. § 1a(18)(A)) and in Commodity Futures Trading Commission (CFTC) regulation 1.3(m) (17 C.F.R. § 1.3(m)); or

(c) In the business of:

(i) Generating, transmitting or distributing electric energy; or

(ii) Providing electric energy services that are necessary to support the reliable operation of the transmission system.

This area is provided for the Counter-Party to provide any additional information or clarification necessary with respect to this Certification.

Date: _____

Signature: _____

Print Name: _____

Title: _____

Subscribed and sworn before me _____ a notary public in the State of _____in and for the County of _____, this ____ day of _____, 20__.

_____
(Notary Public Signature)

My commission expires: ____/____/__

ERCOT Nodal Protocols

Section 22

Attachment K: Declaration of Completion of Generation Resource Weatherization Preparations

January 1, 2013

Declaration of Completion of Generation Resource Weatherization Preparations

Time Period:

☐ Winter: December 20___ through February 20___

☐ Summer: June through September 20___

Resource Entity (or Entities):

This declaration applies to the following Generation Resources (list by Resource Site Code):

I hereby attest that all weatherization preparations for equipment critical to the reliable operation of each of the above-listed Generation Resources during the time period stated above are complete or will be completed, as required by the weatherization plan applicable to each Generation Resource. Any outstanding weatherization preparations are summarized in the attached document and include the name of the Generation Resource, a brief description of the remaining weatherization task(s) if any, and an associated target completion date for each task.

By signing below, I certify that I am an officer or authorized executive of each Resource Entity listed above, that I am authorized to execute and submit this declaration on behalf of each Resource Entity listed above, and that, to the best of my knowledge, the statements contained herein are true and correct.

_____
Signature

_____
Name

_____
Title

_____
Date

ERCOT Nodal Protocols

Section 23

(This Section is intentionally left blank)

December 1, 2010

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June 11, 2012

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24 RETAIL POINT TO POINT COMMUNICATIONS

Point to point communications include transactions flowing directly between Competitive Retailers (CRs), and Transmission and/or Distribution Service Providers (TDSPs) and do not flow through ERCOT. These point to point transactions may be Customer requested service orders and CR/TDSP invoicing and remittance.

24.1 Maintenance Service Order Request

To initiate an original service order, cancel, or change (update) request, the Competitive Retailer (CR) sends maintenance related information to the Transmission and/or Distribution Service Provider (TDSP) using the 650_01, Service Order Request. The 650_01 transaction sent by the CR shall include a level of information such that the TDSP clearly understands the nature of the request and the work that it is being requested to perform. The TDSP will respond within one Retail Business Day after completion, or attempted completion, of the requested action using the 650_02, Service Order Response, to notify the CR that the service order is either completed, unable to be completed, or rejected, or that a permit is required before the order can be completed. There is a one-to-one relationship between the 650_01 and 650_02 transactions.

24.1.1 Disconnect/Reconnect

Public Utility Commission of Texas (PUCT) Substantive Rules and orders, along with TDSP tariffs, dictate the timeline for both disconnection for non-payment and reconnection after disconnection for non-payment. For more information please refer to the Retail Market Guide Section 7.6, Disconnect and Reconnect for Non-Payment Process.

24.1.2 Suspension of Delivery Service

The following transactions shall be used by a TDSP seeking to suspend delivery service for an Electric Service Identifier (ESI ID).

24.1.2.1 Notification

(1) The 650_04, Planned or Unplanned Outage Notification, is electronically transmitted by the TDSP to the CR to notify the CR of the ESI ID(s) and Service Address(es) affected by either a temporary or permanent suspension of service. The situations under which a 650_04 transaction may be created and transmitted to the CR include:

(a) An outage has been scheduled by the TDSP for the Customer's Service Address for a specific date and time. This type of suspension may be the result of scheduled tree trimming, electrical inspection, testing, maintenance, or changes/upgrades to network equipment.

(b) An outage has occurred at the Customer's Service Address, but it was not planned or previously scheduled. Such a suspension is normally needed to remedy a

dangerous electrical condition that exists at the Customer's address due to an event or activity such as a fire, meter tampering, or theft of service.

(c) For circumstances when a CR, the Customer, or authorized legal authority (county, city, fire, or police personnel) requests disconnection and meter removal because a structure has been destroyed or demolished, or the TDSP has found the meter removed by an unknown Entity, or has removed the meter for unsafe conditions, the TDSP will send a 650_04 transaction. In events where the CR receives a 650_04 transaction indicating that service to the Premise has been permanently suspended by the TDSP for one of the reasons indicated above, the CR will send an 814_24, Move Out Request, to the TDSP within ten Retail Business Days.

(d) Just like a suspension is scheduled or requested it can also be cancelled. If the suspension request is cancelled for any reason, the TDSP will create a 650_04 transaction indicating that the suspension has been cancelled and send a 650_04 transaction to the CR for every ESI ID that would have been affected by the outage.

(2) To notify the CR of a suspension of delivery service, the TDSP sends Notice to the CR using the 650_04 transaction. To reject the suspension of delivery service Notification, a CR would send a response to the TDSP using the 650_05, Planned or Unplanned Outage Response, within one Retail Business Day of receipt of the 650_04 transaction.

24.1.2.2 Cancellation

To notify the CR of a cancellation of the Notification of suspension of delivery service, the TDSP sends Notice to the CR using the 650_04, Planned or Unplanned Outage, for each ESI ID that would otherwise have been affected by the outage. To reject the suspension of delivery service cancellation, a CR must send a response to the TDSP using the 650_05, Planned or Unplanned Outage Response, within one Retail Business Day of receipt of the 650_04 transaction.

24.1.3 Switch Hold Indicator

24.1.3.1 Tampering Switch Hold

(1) A tampering switch hold is used when tampering has been determined to have occurred. A switch hold will be placed on the ESI ID in accordance with P.U.C. SUBST. R. 25.126, Adjustments Due to Non-Compliant Meters and Meter Tampering in Areas Where Customer Choice Has Been Introduced.

(2) To remove a switch hold indicator, the CR sends the 650_01, Service Order Request, to the TDSP requesting the removal of the switch hold indicator. The TDSP will respond with the 650_02, Service Order Response, to the CR acknowledging receipt of the service

order request. Confirmation that the service order request has been completed will be received through the 814_20, ESI ID Maintenance Request.

24.1.3.2 Bill Payment Switch Hold

A bill payment switch hold is used when a Customer has entered into a payment agreement with their current CR. A switch hold will be placed on the ESI ID in accordance with P.U.C. SUBST. R. 25.480, Bill Payment and Adjustments.

(a) To add a switch hold indicator, the CR sends the 650_01, Service Order Request, to the TDSP requesting the addition of the switch hold indicator. The TDSP will respond with the 650_02, Service Order Response, to the CR acknowledging receipt of the service order request. Confirmation that the service order request has been completed will be received through the 814_20, ESI ID Maintenance Request.

(b) To remove a switch hold indicator, the CR sends the 650_01 to the TDSP requesting the removal of the switch hold indicator. The TDSP will respond with the 650_02 response to the CR acknowledging receipt of the service order request. Confirmation that the service order request has been completed will be received through the 814_20 transaction.

24.2 Transmission and/or Distribution Service Provider to Competitive Retailer Invoice

(1) The 810_02, TDSP Invoice, may include monthly delivery charges, discretionary service charges, service order charges, interest credit, and/or late payment charges for the current billing period. Following a positive acknowledgement indicating the transaction passed American National Standards Institute (ANSI) X12 validation, the Competitive Retailer (CR) shall have five Business Days to send a rejection response in accordance with the Texas Standard Electronic Transaction (TX SET) Implementation Guides posted on the ERCOT Market Information System (MIS) Public Area and Public Utility Commission of Texas (PUCT) Substantive Rules. If the CR has not received a response transaction to an enrollment or move in, the CR shall not reject the invoice, but will utilize an approved market process (MarkeTrak or dispute process) to resolve the issue. Details of these processes may be found in the Retail Market Guide Section 7, Market Processes.

(2) Only one 810_02 transaction may be sent for a single service period, however, any additional 810_02 transaction for the same Electric Service Identifier (ESI ID) may be sent for a late payment charge after the 35th calendar day for an unpaid 810_02 transaction or for interest credit.

(3) The 810_02 may be paired with an 867_03, Monthly or Final Usage, to trigger the Customer billing process.

(4) The TDSP may cancel and replace (rebill) the original 810_02 transaction. The values in the cancel transaction will be identical in amounts to what they were on the original invoice. The replacement (rebilled) invoice now becomes the monthly invoice for that service period.

(5) If the 867_03 is cancelled after the TDSP has sent the 810_02 transaction, the TDSP will cancel the 810_02 transaction. If the 810_02 transaction error is not related to consumption, the TDSP may cancel the 810_02 transaction and not the 867_03 transaction.

24.3 Monthly Remittance

Transmission and/or Distribution Service Providers (TDSPs) and Competitive Retailers (CR) shall use the following transactions to remit monthly payments.

24.3.1 Competitive Retailer to Transmission and/or Distribution Service Provider Monthly Remittance Advice

(1) This transaction set, from the CR to the TDSP, is used by the CR to notify the TDSP of payment details related to a specific invoice. A CR must pass an 820_02, CR Remittance Advice, for every invoice (original, cancel, replacement) received, validated, and accepted by the CR even when a cancel and restatement of usage subsequently cancels the original invoice.

(2) Each Market Participant is responsible for ensuring that the data provided in the 820_02 transaction is presented in a format that is consistent with market specifications prescribed in the Texas Standard Electronic Transaction (TX SET) Implementation Guide posted on the ERCOT Market Information System (MIS) Public Area.

24.3.1.1 Remittance Advice Total Matches Payment Total

The remittance advice must match the total payment. The CR must ensure that the remittance advice and the payment instructions have the same (matching) trace/reference numbers. A one-to-one correlation must be maintained between payments and remittance advices. It is acceptable for one payment and one remittance advice to include many invoices. It is not acceptable for several payments to reference one remittance advice. Every payment trace/reference number sent via the bank must match a remittance advice trace/reference number sent to the TDSP. The trace/reference number must be unique for each associated payment and remittance advice.

24.3.1.2 Negative Remittance Advice

A negative remittance advice is not allowed in the Texas retail market. If the adjustments are larger than the payments (creating a negative remittance advice), payments must be held until the

CR can submit a net positive remittance advice as a credit against the overpayment. It is not necessary for a CR to hold an adjustment amount until the CR has accumulated sufficient invoices to result in a complete offset of the overpayment. Instead the CR may use the adjustment amount by taking a partial credit on another Invoice. If the CR has determined that the negative remittance cannot be offset within a reasonable amount of time, the CR will contact the TDSP to resolve the situation.

24.3.1.3 Acceptable Payment Methods

Acceptable payment methods are CCD+, CTX and Fed wire.

24.3.1.4 Warehousing an 820 Remittance Advice

When the payment instruction and the remittance advice are generated separately, the TDSP will warehouse the 820_02, CR Remittance Advice, until the payment instructions received by the CR's bank cause the money to be deposited in the TDSP's account. The payment instruction and remittance shall be transmitted within five Business Days of each other. The remittance advice and payment instruction dollar amount must balance to the corresponding transaction. Payment will be considered received on the date company's bank receives the electronic funds transfer or wire transfer and the appropriate remittance advice is received by the company in accordance with the requirements specified by Applicable Legal Authorities (ALA).

24.4 Municipally Owned Utility/Electric Cooperative Transmission and/or Distribution Service Provider to Competitive Retailer Monthly Remittance Advice

(1) This transaction set, from a Municipally Owned Utility's (MOU) Transmission and/or Distribution Service Provider (TDSP) or an Electric Cooperative's (EC) TDSP (MOU/EC TDSP) to the Competitive Retailer (CR) is used by the MOU/EC TDSP to notify the CR of payment details related to a specific Invoice. A MOU/EC TDSP must pass an 820_03, MOU/EC Remittance Advice, for every CR account number even when a cancel and restatement of usage subsequently cancels the original invoice.

(2) Each Market Participant is responsible for ensuring that the data provided in the 820_03 transaction is presented in a format that is consistent with the market specifications in the Texas Standard Electronic Transaction (TX SET) Implementation Guide.

24.4.1 Timing 820 Remittance to CR

When the payment is received from the retail Customer on behalf of the CR, MOU/EC TDSP shall send the payment instructions within five Retail Business Days of the due date of the retail Customer's bill, or if the Customer has paid after the due date, five Business Days after the MOU/EC TDSP has received payment. Payment instruction shall cause the money to be deposited in the CR's account. There should not be more than five Business Days difference in the receipt of the payment instruction and the remittance advice.

24.4.2 Remittance Advice Total Matches Payment Total

The remittance advice must match the total payment. The MOU/EC TDSP must ensure that the remittance advice and the payment instructions have the same (matching) trace/reference numbers. A one-to-one correlation must be maintained between payments and remittance advice. It is acceptable for one payment and one remittance advice to include many invoices. It is not acceptable for several payments to reference one remittance advice. Every payment trace/reference number sent via the bank must match a remittance advice trace/reference number sent to the CR. The trace/reference number must be unique for each associated payment and remittance advice.

24.4.3 Negative Remittance Advice

A negative remittance advice is not allowed in the Texas market. If the adjustments are larger than the payments (creating a negative remittance advice), payment must be held until the MOU/EC TDSP can submit a net positive remittance advice as a credit against the overpayment. It is not necessary for a MOU/EC TDSP to hold an adjustment amount until the MOU/EC TDSP has accumulated sufficient Invoices to result in a complete offset of the overpayment. Instead the MOU/EC TDSP may use the adjustment amount by taking a partial credit on another Invoice. If the MOU/EC TDSP has determined that the negative remittance cannot be offset within a reasonable amount of time, the MOU/EC TDSP will contact the CR to resolve the situation.

24.4.4 Acceptable Payment Methods

Acceptable payment instruction methods are CCD+, CTX, check, and Fed wire.

24.4.5 Warehousing an 820 Remittance Advice

When the payment instruction and the remittance advice are generated separately, the CR may warehouse the 820_03, MOU/EC Remittance Advice, until the payment instructions received by the MOU/EC TDSP's bank cause the money to be deposited in the CR's account.

24.5 Maintain Customer Information Request

This transaction set, from a Competitive Retailer (CR) to a Transmission and/or Distribution Service Provider (TDSP), is used for CRs who have chosen Options 2 and 3 concerning service orders and/or outages. A CR choosing Option 2 or 3 shall be required to provide the TDSP with the information necessary to verify CR's retail Customer's identity (name, address, and home or contact telephone number) for a particular point of delivery served by the CR and to continually provide the TDSP updates of such information.

24.5.1 Timing of 814_PC Maintain Customer Information Request from Competitive Retailer

This transaction shall be transmitted from the CR of Record to the TDSP in one Retail Business Day only after the CR has received an 867_04, Initial Meter Read, from the TDSP for that specific move in Customer. Also, the CR shall not transmit this transaction and/or provide any updates to the TDSP after receiving a final reading via an 867_03, Monthly or Final Usage, for that specific move-out Customer. The TDSP shall provide the 814_PD, Maintain Customer Information Response, in one Retail Business Day acknowledging receipt of the 814_PC, Maintain Customer Information Request, which would indicate that the TDSP accepts or rejects the transaction.

24.6 MOU/EC TDSP to CR Maintain Customer Information Request

This transaction set, from a Municipally Owned Utility (MOU)/Electric Cooperative (EC) Transmission and/or Distribution Service Provider (TDSP) to the Competitive Retailer (CR), is used by the MOU/EC TDSP to provide the CR with Customer information (name, address, membership id, and home or contact telephone number) for a particular point of delivery served by both the MOU/EC TDSP and CR and to continually provide the CR updates of such information. MOU/EC TDSPs in a MOU/EC service territory are more likely to have current Customer information due to the fact that they maintain contact with the Customer and perform billing functions.

24.6.1 Timing of 814_PC Maintain Customer Information Request from Municipally Owned Utility/Electric Cooperative Transmission and/or Distribution Service Provider

This transaction shall be transmitted from the MOU/EC TDSP to the CR in one Retail Business Day upon an update in Customer information. The CR shall provide the 814_PD, Maintain Customer Information Response, in one Retail Business Day acknowledging receipt of the 814_PC, Maintain Customer Information Request, which would indicate that the CR accepts or rejects the transaction.

ERCOT Fee Schedule

Effective November 9, 2012

The following is a schedule of ERCOT fees currently in effect.

Description	Nodal Protocol Reference	Calculation/Rate/Comment
ERCOT System Administration fee	9.16.1	$0.4171 per MWh to fund ERCOT activities subject to Public Utility Commission of Texas (PUCT) oversight. This fee is charged to all Qualified Scheduling Entities (QSEs) based on Load represented.
Private Wide Area Network fees	9.16.3	Actual cost of using third party communications network - Initial equipment installation cost not to exceed $25,000, and monthly network management fee not to exceed $1,500.
ERCOT Nodal Implementation Surcharge	9.16.4	$0.375/MWh – Charged to all QSEs representing net metered generation. (Stop Charging on Operating Day 1/13/13 – Reference Market Notice M-B121912-02)
ERCOT Security Screening Study (Not Refundable)	NA	A preliminary study of the impacts of a proposed generation plant conducted by ERCOT staff - $5,000 (less than or equal to 150MW) $7,000 (greater than 150MW)
Full Interconnection Study	NA	Costs incurred by the Transmission and/or Distribution Service Provider (TDSP) for completing a detailed study - $15 per MW (Not Refundable – to support ERCOT system studies and coordination).
Map Sale fees	NA	$20 - $40 per map request (by size)
Qualified Scheduling Entity Application fee	9.16.2	$500 per Entity
Competitive Retailer Application fee	9.16.2	$500 per Entity
Congestion Revenue Right (CRR) Account Holder Application fee	9.16.2	$500 per Entity
Independent Market Information System Registered Entity (IMRE)	9.16.2	$500 per Entity
Voluminous Copy fee	NA	$0.15 per page in excess of 50 pages
Late fees	9.7.4	Wall Street Journal prime interest rate plus 2% – Assessed for failure to make timely payment under the Protocols.
Point-to-Point (PTP) Option Award Fee	7.5.2 7.7.1	A $0.01/MW per hour fee assessed to a CRR Account Holder for PTP Options awarded in a CRR Auction, for periods in which the clearing price is less than the defined Minimum PTP Option Bid Price.