Market Continuity Guiding Principles

1. State of emergency declared in ERCOT
   1. ERCOT emergency response plan is to notify PUCT and other appropriate governmental and regulatory agencies
      1. Appeal to market participants, fuel service providers, etc. to continue operations and services during the emergency
      2. PUCT may consider implementing the State of Texas Emergency Management Plan Annex L Energy
         * Annex L may need modifications to address ERCOT market disruption
   2. Ensure that Protocols state that Resources will be compensated for their direct costs incurred during an emergency
      1. Provides clarity and assurance to Resource’s service providers that they will be paid
2. Restore grid operations- physical
   1. Establish communications
   2. Implement Black Start, if needed
   3. Establish Single control area operations
3. Restore ERCOT markets
   1. Restore the RT market
      1. Establish market communications
         * Real time telemetry
      2. other systems (MMS, EMS, etc)
   2. Restore the DAM, CRR markets
4. Provide compensation to Resources for actual verifiable costs
   1. Compensation to be based on the Resource’s current verifiable costs and a proxy fuel price
      1. Proxy fuel price would be the most recently available FIP applicable to the operating day
      2. Proxy fuel price would be applied to the Resource’s verifiable Startup, Minimum Energy and IHR
   2. Resources can request a true-up to actual direct costs
      1. If revenues received from above do not cover the Resources actual direct costs
      2. Similar to RUC make-whole
   3. Compensation to be provided by ERCOT as soon as reasonably possible after grid and market services have been restored
      1. Compensation could be delayed since ERCOT will have to manually calculate Resource compensation
         * Systems will need to be restored and operational to provide ERCOT with Resource meter data and access to verifiable cost information
      2. A Resource may request emergency funds for fuel supplies and services if the Resource has insufficient funds (?)
         * Resource to provide copies of fuel invoices applicable to the emergency event for verification by ERCOT
5. Identify funds and process for Resource compensation and uplift
   1. ERCOT to utilize available funds and instruments to cover interim liquidity needs
      1. Loan from available CRR funds
      2. Letter of credit or other financial instrument
      3. Short-term loan/debt
   2. Allocate costs to load based on a levelized or average total cost per MWH to generate