



Item 11: Request for Resettlement of Certain Costs for Greens Bayou Reliability Must-Run (RMR) Agreement

Mark Ruane

Director, Settlements, Retail and Credit

Board of Directors Meeting

ERCOT Public

February 20, 2018

Greens Bayou 5 RMR Proposed Resettlement

During the term of the Greens Bayou 5 Reliability Must-Run (RMR) Agreement between ERCOT and plant owner NRG Texas Power LLC (NRG), certain costs were not fully settled prior to the applicable True-Up dates.

1. The allocation basis of certain reimbursed costs was determined to be too high subsequent to True-Up.
2. Other costs were inaccurately charged but not corrected by True-Up.
3. During the month of termination (May 2017), certain costs were allocated over 31 days instead of the 29 days during which the Agreement was in effect. Therefore, at termination two days remained unpaid to NRG.

Greens Bayou 5 RMR Proposed Resettlement

Summary amounts

Unsettled Amounts for GBY5 RMR Unit							
	Jun-16	Jul-16	Jan-17	Feb-17	Mar-17	May-17	TOTAL
1. Allocated costs over-payment	\$33,173.12	\$21,618.35					\$54,791.46
2. Other fees over/(under) payment	\$17,974.00	\$12,175.94	(\$7,697.80)	(\$7,697.80)	(\$7,697.80)		\$7,056.54
3. Termination month mis-allocation						(\$35,898.04)	(\$35,898.04)
Total excess/under payments to NRG	\$51,147.12	\$33,794.28	(\$7,697.80)	(\$7,697.80)	(\$7,697.80)	(\$35,898.04)	\$25,949.96

Net amount due ERCOT: _____



Greens Bayou 5 RMR Proposed Resettlement

Protocol Section 9.5.6, RTM Resettlement Statement, provides in pertinent part:

“[T]he ERCOT Board may, in its discretion, direct ERCOT to run a resettlement of an Operating Day, at any time, to address unusual circumstances.”

Circumstances justifying resettlement include:

- Lengthy process for submission and ERCOT validation of RMR costs
- RMR Unit owner was not aware of discrepancy until after True-Up
- There have been no RMR Agreements since 2011, so processes for RMR settlement are largely manual
- ERCOT wishes to ensure that settlement amounts for RMR Agreements are accurate as QSEs representing Load pay for the cost of this reliability service

Greens Bayou 5 RMR Proposed Resettlement

To reduce the possibility of future Board-directed resettlements, ERCOT-submitted Nodal Protocol Revision Request (NPRR) 845, RMR Process and Agreement Revisions, which includes a requirement for ERCOT to issue a miscellaneous Invoice to reconcile final RMR costs no later than 30 days after the RTM True-Up Statement is issued for the termination date of the RMR Agreement. (See [NPRR845](#), Section 6.6.6.6, Method for Reconciling RMR Actual Eligible Costs, RMR Contributed Capital Expenditures, and Miscellaneous RMR Incurred Expenses.) NPRR845 is currently tabled at WMS for stakeholder review.

Request for Vote

ERCOT staff recommends that the Board of Directors, pursuant to paragraph (1) of Protocol Section 9.5.6, direct ERCOT staff to resettle on a monthly Load Ratio Share (LRS) basis amounts that were incorrectly settled for the Greens Bayou 5 Reliability Must-Run (RMR) Agreement.

<Vote>



Date: February 13, 2018
To: Board of Directors
From: Mark Ruane, Director Settlements, Retail and Credit
Subject: Request for Resettlement of Certain Costs for Greens Bayou Reliability Must-Run (RMR) Agreement

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: February 20, 2018

Item No.: 11

Issue:

Whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should recommend and approve a resettlement to more accurately account for costs associated with the Greens Bayou 5 RMR Agreement.

Background/History:

ERCOT entered into an RMR Agreement with NRG Texas Power LLC (NRG) for Greens Bayou Unit 5 for the period from June 1, 2016 until June 30, 2018 (the Agreement). The 25-month term of the Agreement was approved by the Board on June 14, 2016. On February 27, 2017, pursuant to paragraph (1)(l) of Protocol Section 3.14.1, Reliability Must Run, and Section 3.A(3) of the Agreement, ERCOT provided 90 days' advanced Notice to NRG and other Market Participants of early termination of the Agreement, effective May 29, 2017.

Protocol Section 3.14.1.12, Reporting Actual Eligible Cost, requires the owner of an RMR Unit to provide ERCOT with actual Eligible Costs on a monthly basis, and for ERCOT to verify that all Eligible Costs are actual and appropriate. 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'.

In the case of the Agreement, subsequent to the deadlines for the applicable True-Up Settlement Statements, NRG and ERCOT determined that the allocation basis for certain submitted costs was inaccurate. In addition, during the month of termination (May 2017), certain costs were allocated over 31 days instead of the 29 days during which the Agreement was in effect. Therefore, two days remained unpaid to NRG.

The amounts by month that were inaccurately settled for the applicable six months are as follows, where positive values indicate amounts due to ERCOT:



Month	Amount (\$)
June 2016	51,147.12
July 2016	33,794.28
January 2017	(7,697.80)
February 2017	(7,697.80)
March 2017	(7,697.80)
May 2017	(35,898.04)
Total	25,949.96

Paragraph (1) of Protocol Section 9.5.6, RTM Resettlement Statement, provides in pertinent part: “[T]he ERCOT Board may, in its discretion, direct ERCOT to run a resettlement of an Operating Day, at any time, to address unusual circumstances.”

Key Factors Influencing Issue:

1. There is a lengthy manual process for submission and ERCOT validation of RMR costs. In this case, the RMR Unit owner and ERCOT were not aware of settlement discrepancies until after the applicable True-Up Settlement period had ended.
2. ERCOT wishes to ensure that settlement amounts for RMR Agreements are accurate, so that Qualified Scheduling Entities (QSEs) representing Load are not over-charged and RMR Unit owners are correctly compensated.
3. To reduce the possibility of future Board-directed resettlements, ERCOT-submitted Nodal Protocol Revision Request (NPRR) 845, RMR Process and Agreement Revisions, which includes a requirement for ERCOT to issue a miscellaneous Invoice to reconcile final RMR costs no later than 30 days after the RTM True-Up Statement is issued for the termination date of the RMR Agreement. NPRR845 is currently under stakeholder review.

Conclusion/Recommendation:

ERCOT staff recommends that the Board, pursuant to paragraph (1) of Protocol Section 9.5.6, direct ERCOT staff to resettle on a monthly Load Ratio Share (LRS) basis amounts that were inaccurately settled for the Greens Bayou 5 RMR Agreement.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, paragraph (1) of Protocol Section 9.5.6, RTM Resettlement Statement, provides in part that the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) may, in its discretion, “direct ERCOT to run a resettlement of an Operating Day, at any time, to address unusual circumstances”; and

WHEREAS, ERCOT and NRG Texas Power LLC (NRG) were parties to an ERCOT Standard Form Reliability Must-Run Agreement dated June 2, 2016 for Greens Bayou Unit 5 (Agreement), which was subsequently terminated effective May 29, 2017; and

WHEREAS, during the term of the Agreement, certain costs were not fully and accurately settled prior to the applicable True-Up Settlement Statement dates; and

WHEREAS, after due consideration of the alternatives, the Board finds that the circumstances were unusual and deems it desirable and in the best interest of ERCOT to direct ERCOT staff, pursuant to paragraph (1) of Protocol Section 9.5.6, to resettle on a monthly Load Ratio Share (LRS) basis amounts that were inaccurately settled for the Agreement;

THEREFORE, BE IT RESOLVED, that ERCOT is hereby directed, pursuant to paragraph (1) of Protocol Section 9.5.6, to resettle on a monthly LRS basis amounts that were inaccurately settled for the Agreement.

CORPORATE SECRETARY’S CERTIFICATE

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its February 20, 2018 meeting, the ERCOT Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of February, 2018.

Vickie G. Leady
Assistant Corporate Secretary