SCT Determination Summary for Directive 10, Emergency Condition Price Formation

Date: 5/14/2018

Market stakeholder input: QMWG 1/8/2018, 3/19/2018, 5/14/2018

QMWG action: On 1/8/18, QMWG discussed this topic; Market Participant feedback was solicited. No further action was taken. On 3/19/18, QMWG discussed this topic, including the filed comments, and additional information was provided. No further action was taken. On 5/14/18, QMWG discussed this topic and reviewed this draft whitepaper. This document was amended based on additional input.

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| **Directive #10 – Emergency condition Price Formation** | **ERCOT shall study price formation issues to determine whether, to avoid the flows over the DC ties adversely affecting price formation in the ERCOT wholesale market or otherwise causing outcomes inconsistent with a properly functioning energy market, any changes to pricing within the ERCOT market during emergencies are necessary. ERCOT shall certify to the Commission when it has completed these actions.** |

* ***Determination: NPRR768 made adjustments to the Real-Time Reliability Deployment Price Adder to mitigate out-of-market actions that may occur during emergency conditions in ERCOT, specifically those actions associated with ERCOT requests for DC tie imports and Block Load Transfers. During stakeholder discussion on NPRR768, the language was amended to cap the MW adjustment made for emergency DC tie imports at the capacity currently available across DC ties (1250 MW). If the Southern Cross DC tie is built and the ERCOT system has an emergency that requires ERCOT to request imports from all neighboring Balancing Authorities the imports could be a total of 3250 MW. In such an event, Real-Time prices would not reflect the full out-of-market action taken by ERCOT.***
* **[Stakeholders to add language addressing whether revisions to price formation protocols are necessary.]**

* + Stakeholder Feedback
    - Eric Goff, Chair of QSE Managers Working Group (QMWG) requested written comments from the Market Participant’s regarding what action, if any, needs to be taken in regards to Directive 10. Comments were received from four participants and are posted on the April QMWG meeting page:
      * Rainbow Energy Marketing Corporation (REMC)
      * Luminant Generation
* Southern Cross Transmission
* Texas Industrial Energy Consumers (TIEC )
  + WMS consideration

WMS has voted and determined that …..

* + Related/emerging issues: