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| **Determination:**Although ERCOT Staff recognizes potential price formation issues, ERCOT Staff has identified no need for additional market changes at this time.  |
| **Background/History:**The Public Utility Commission of Texas (PUC) issued an Order in Project No. 46304 that directed ERCOT to complete certain tasks—set forth in 14 different Directives—that the PUC deemed were necessary to accommodate the SCT DC Tie. This determination relates to Directive 10, which requires that 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.”Discussions with stakeholders occurred at the following meetings regarding Directive 10: Qualified Scheduling Entity Managers Working Group (QMWG) 02/13/2018, 03/19/2018, 05/19/2018, 07/09/2018; Wholesale Market Subcommittee (WMS) 08/08/2018, 09/05/2018. ERCOT staff prepared a whitepaper setting forth its determination and considerations relevant to that resolution, which was presented for discussion at these meetings ([link to whitepaper](http://www.ercot.com/content/wcm/key_documents_lists/159982/Directive10_EmergencyAction_Whitepaper_TAC_092618.docx)).ERCOT staff, after consultation with stakeholders, has determined that there are potential actions related to Direct Current (DC) Ties that may adversely affect price formation in the ERCOT wholesale market during both Emergency Conditions and non-Emergency Conditions in ERCOT or in neighboring systems. These issues were previously considered as part of the stakeholder discussions of NPRR626, Reliability Deployment Price Adder (formerly "ORDC Price Reversal Mitigation Enhancements"), and NPRR768, Revisions to Real-Time On-Line Reliability Deployment Price Adder Categories, which occurred after the issuance of the PUC’s order in Docket No. 45624, approving the Certificate of Convenience and Necessity (CCN) for Southern Cross DC Tie, and its order in Project No. 46304, requiring ERCOT to complete certain tasks deemed necessary to accommodate the DC Tie including this Directive regarding price formation issues. Both NPRRs were eventually approved by the ERCOT Board of Directors.At this time, ERCOT has not determined a need to submit an NPRR that would modify the policy determination previously achieved by NPRR626 and NPRR768. However, ERCOT is prepared to participate in future stakeholder discussions upon submission of a NPRR or upon direction from the Commission. QMWG action: On 07/09/2018, QMWG voted to endorse ERCOT’s determination on Directive 10, as reflected in the ERCOT whitepaper. WMS action: On 09/05/2018, WMS voted to endorse ERCOT’s determination on Directive 10, as reflected in the ERCOT whitepaper.TAC action: On 09/26/2018, TAC voted to endorse ERCOT’s determination on Directive 10, as reflected in this document. This document was revised by TAC and ERCOT prior to the vote to endorse.  |