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| NPRR Number | [952](http://www.ercot.com/mktrules/issues/NPRR952#summary) | NPRR Title | Use of Katy Hub for the Fuel Index Price |
| Date of Decision | September 25, 2019 |
| Action | Recommended Approval |
| Timeline  | Normal |
| Proposed Effective Date | Upon system implementation |
| Priority and Rank Assigned | Priority – 2019; Rank – 2780  |
| Nodal Protocol Sections Requiring Revision  | 2.1, Definitions |
| Related Documents Requiring Revision/Related Revision Requests | None  |
| Revision Description | This Nodal Protocol Revision Request (NPRR) proposes fully replacing Houston Ship Channel with Katy Hub as the reference for the Fuel Index Price (FIP) for natural gas in ERCOT’s systems. This change is consistent with recent amendments to P.U.C. Subst. R. 25.505, Resource Adequacy in the Electric Reliability Council of Texas Power Region, adopted by the Public Utility Commission of Texas (PUCT) in Project No. 48721, which give ERCOT flexibility to select an appropriate natural gas price index for the purposes of calculating the Peaker Net Margin (PNM) threshold and the Low System-Wide Offer CAP (LCAP).  |
| Reason for Revision |  Addresses current operational issues. Meets Strategic goals (tied to the [ERCOT Strategic Plan](http://www.ercot.com/content/news/presentations/2013/ERCOT%20Strat%20Plan%20FINAL%20112213.pdf) or directed by the ERCOT Board). Market efficiencies or enhancements Administrative Regulatory requirements Other: (explain)*(please select all that apply)* |
| Business Case | Implementation of this NPRR will allow the FIP utilized by ERCOT for its calculations to better capture the daily dynamics in fuel prices using a more liquid natural gas location which is preferable to one that is lightly-traded. |
| Credit Work Group Review | ERCOT Credit Staff and the Credit Work Group (Credit WG) have reviewed NPRR952 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. |
| PRS Decision | On 7/17/19, PRS unanimously voted to recommend approval of NPRR952 as submitted. All Market Segments were present for the vote. On 8/15/19, PRS unanimously voted to endorse and forward to TAC the 7/17/19 PRS Report and the Impact Analysis for NPRR952 with a recommended rank of 2019 and rank of 2780. All Market Segments were present for the vote. |
| Summary of PRS Discussion | On 7/17/19, there was no discussion.On 8/15/19, there was no discussion.  |
| TAC Decision | On 9/25/19, TAC unanimously voted to recommend approval of NPRR952 as recommended by PRS in the 8/15/19 PRS Report. All Market Segments were present for the vote. |
| Summary of TAC Discussion | On 9/25/19, there was no discussion. |
| ERCOT Opinion | ERCOT supports approval of NPRR952. |

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| Sponsor |
| Name | Kevin Hanson |
| E-mail Address | Kevin.Hanson@ercot.com |
| Company | ERCOT |
| Phone Number | 512-248-6586 |
| Cell Number |  |
| Market Segment | Not applicable |

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| **Market Rules Staff Contact** |
| **Name** | Jordan Troublefield |
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| **Comments Received** |
| **Comment Author** | **Comment Summary** |
| IMM 071619 | Reiterated the need for NPRR952 |

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| Market Rules Notes |

None

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| Proposed Protocol Language Revision |

**2.1 DEFINITIONS**

**Fuel Index Price (FIP)**

The daily midpoint or average of the prices for natural gas fuel for the Katy area (Katy Hub), expressed in dollars per million British thermal units ($/MMBtu). ERCOT shall issue a Market Notice disclosing the name of the ERCOT-selected source for the average daily index prices used to calculate FIP. In the event that the ERCOT-selected source becomes unavailable, or ERCOT determines that the source has become unsuitable for the intended purpose, ERCOT may select a substitute source. ERCOT shall issue a Market Notice disclosing its intent to use a substitute source and the name of the substitute source at least 60 days prior to the beginning of its use, or as soon as practicable.

The effective dates for daily index prices shall be as indicated by the ERCOT-selected source. For validation of Three-Part Supply Offers in the Day-Ahead Market (DAM), Day-Ahead Reliability Unit Commitment (DRUC), and Hourly Reliability Unit Commitment (HRUC) occurring before midnight of the Operating Day, the FIP effective for the prior Operating Day will be used. For all other purposes the effective FIP for the Operating Day will be used. If the Katy Hub index is not available, the effective price for the most recent preceding Operating Day shall be used.