



Item 9: Price Corrections - Current Structure and Future Steps

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Summary

- Background
- Relevant Protocols
- Proposal to address significance
- Outline of approach to improve quality and decrease errors.

Background

- We are before you today to seek Board approval for two price corrections—one affecting Day-Ahead Market (DAM) prices, and one affecting Real-Time market (RTM) prices. The cause of the price correction is ERCOT software errors. Based on the timing of when ERCOT discovered the errors leading to this request, the Protocols require ERCOT to bring these price corrections to the Board.

Relevant Protocols – DAM Price Corrections

Protocol Section 4.5.3(5)

(in relevant part)

- (5) All DAM LMPs, MCPCs, and Settlement Point Prices are final at 1000 of the second Business Day after the Operating Day.
 - (a) However, after DAM LMPs, MCPCs, and Settlement Point Prices are final, if ERCOT determines that prices are in need of correction and seeks ERCOT Board review of such prices, it shall notify Market Participants and describe the need for such correction as soon as practicable but no later than 30 days after the Operating Day. Failure to notify Market Participants within this timeline precludes the ERCOT Board from reviewing such prices...
 - (b) The ERCOT Board may review and change DAM LMPs, MCPCs, or Settlement Point Prices if ERCOT gave timely notice to Market Participants and the ERCOT Board finds that such *prices are significantly affected by an error*.
 - (c) In review of DAM LMPs, MCPCs, or Settlement Point Prices, the ERCOT Board may rely on the same reasons identified in paragraph (4) above to find that the *prices are significantly affected by an error*.

Relevant Protocols – RTM Price Corrections

Protocol Section 6.3(6)

(in relevant part)

- (6) All Real-Time [prices] are final at 1600 of the second Business Day after the Operating Day.
 - (a) However, after [prices] are final, if ERCOT determines that prices are in need of correction and seeks ERCOT Board review of such prices, it shall notify Market Participants and describe the need for such correction as soon as practicable but no later than 30 days after the Operating Day. Failure to notify Market Participants within this timeline precludes the ERCOT Board from reviewing such prices...
 - (b) The ERCOT Board may review and change [prices] if ERCOT gave timely notice to Market Participants and the ERCOT Board finds that such *prices are significantly affected by an error*.
 - (c) In review of [prices], the ERCOT Board may rely on the same reasons identified in paragraph (4) above to find that the *prices are significantly affected by an error*.

Proposal Regarding Significance

- ERCOT staff would like to work with stakeholders to define standards for determining significance.
 - This would likely reduce the number of instances ERCOT would be required to seek Board review of price corrections.
 - This initiative would result in a Nodal Protocol Revision Request (NPRR).
 - Stakeholders have also expressed an interest in exploring a definition of significance.
- Additionally, ERCOT and stakeholders are currently working on an NPRR that would likely reduce the need to conduct DAM price corrections by limiting the requirement.

Proposal to Improve Delivery



- ERCOT staff has initiated a review of change delivery with an eye on improving quality.
- ERCOT is examining its ownership, process, collaboration, and partnerships – essentially every step of the process.
 - Many steps have already been taken to improve quality and many more will follow.
 - One example on the MMS front is a new functionality that will allow for testing automation. This resulted from challenging vendors to reduce errors in delivery.