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| NPRR Number | [976](http://www.ercot.com/mktrules/issues/NPRR976) | NPRR Title | Provisions for Resource Entities to Act as a Virtual QSE or Emergency QSE |
| Date of Decision | November 13, 2019 |
| Action | Tabled |
| Timeline | Normal |
| Proposed Effective Date | To be determined |
| Priority and Rank Assigned | To be determined |
| Nodal Protocol Sections Requiring Revision  | 16.2.5, Suspended Qualified Scheduling Entity – Notification to LSEs and Resource Entities Represented16.2.6.1, Designation as an Emergency Qualified Scheduling Entity or Virtual Qualified Scheduling Entity16.2.6.2, Market Participation by an Emergency Qualified Scheduling Entity or a Virtual Qualified Scheduling Entity |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This Nodal Protocol Revision Request (NPRR) allows a Resource Entity whose Qualified Scheduling Entity (QSE) can no longer act as a QSE or has been suspended or terminated, where the Resource Entity and the QSE are the same legal entity, to become a Virtual QSE or an Emergency QSE. In addition, this NPRR amends Protocol language addressing market participation by Emergency QSEs or Virtual QSEs to clarify that Emergency QSEs and Virtual QSEs for REs are not limited to being buyers in Energy, Capacity or Ancillary Service trades, or to submitting Day-Ahead Market (DAM) Energy Bids.  |
| 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 | Currently, if the Standard Form Agreement for a QSE representing a Resource Entity is terminated, the Resource Entity would no longer be eligible to supply power to ERCOT. In certain circumstances this could affect reliability. This NPRR will enhance reliability by allowing an alternative path for Resource Entities whose QSE has been terminated.  |
| Credit Work Group Review | To be determined |
| PRS Decision | On 11/13/19, PRS voted unanimously to table NPRR976 and refer the issue to WMS. The Independent Power Marketer (IPM) Market Segment was not present for the vote. |
| Summary of PRS Discussion | On 11/13/19, participants requested additional clarity as to how the actions proposed in NPRR976 would be performed. |

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| Market Segment | Not Applicable |

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| **Comments Received** |
| **Comment Author** | **Comment Summary** |
| None |  |

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| Market Rules Notes |

None

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| Proposed Protocol Language Revision |

16.2.5 Suspended Qualified Scheduling Entity – Notification to LSEs and Resource Entities Represented

 (1) If a QSE can no longer act as a QSE, or if ERCOT suspends the QSE or terminates the Standard Form Market Participant Agreement, ERCOT shall notify the affected LSEs and Resource Entities that the QSE has been suspended and the effective date of such suspension.

 (2) If an LSE represented by the failed, terminated or suspended QSE is the same Entity as the failed, terminated or suspended QSE, the provisions of Section 16.11.6.1.6, Revocation of a Market Participant’s Rights and Termination of Agreements, shall apply to that LSE, and that LSE shall not be entitled to become an Emergency QSE.

16.2.6.1 Designation as an Emergency Qualified Scheduling Entity or Virtual Qualified Scheduling Entity

(1) A “Virtual QSE” is defined as an LSE or Resource Entity whose QSE has provided notice of its intent to terminate its relationship with the LSE and who has not met ERCOT’s creditworthiness requirements to become an Emergency QSE, as set forth in this Section.

(2) If a QSE has given Notice of its intent to terminate its relationship with an LSE or Resource Entity, that LSE or Resource Entity, must, by noon on the fourth Business Day after the termination notice date, either

(a) Designate a new QSE with such relationship to take effect on the Termination Date, or earlier if allowed by ERCOT; or

(b) Satisfy all necessary creditworthiness requirements for QSEs as described in Section 16.2, Registration and Qualification of Qualified Scheduling Entities.

(3) If ERCOT has given Notice of an LSE’s or Resource Entity’s QSE’s failure, termination or suspension, that LSE or Resource Entity will be designated as a Virtual QSE for up to two Bank Business Days, during which time it must either

 (a) Designate and begin operations with a new QSE; or

(b) Satisfy all necessary creditworthiness requirements for QSEs as described in Section 16.2, and operate as an Emergency QSE as described below. This option does not apply if a Resource Entity represented by a failed, terminated or suspended QSE is the same Entity as the failed, terminated or suspended QSE, and option (3)(a) above must be used.

(4) Except as provided in paragraph (3)(b) above, if an LSE or Resource Entity meets the creditworthiness requirements, the LSE or Resource Entity may be designated as an Emergency QSE and may, upon the Termination Date, be issued digital certificates and given access to the MIS as determined by ERCOT.

(5) If the LSE fails to meet the requirements of one of the above options in the timeframe set forth above, ERCOT shall, after notice as specified in Retail Market Guide Section 7.11, Transition Process, initiate a Mass Transition of the LSE’s Electronic Service Identifiers (ESI IDs) pursuant to Section 15.1.3, Transition Process.

(6) If a Resource Entity fails to meet the requirements of one of the options set forth in paragraph (2) or (3) above within the requisite timeframe, ERCOT may allow the Resource Entity additional time, as determined by ERCOT staff, to meet the requirements.

(7) For any Operating Day in which an LSE or Resource Entity is not either represented by a QSE or qualified as an Emergency QSE, ERCOT may designate the LSE or Resource Entity as a Virtual QSE. ERCOT may issue digital certificates to the Virtual QSE for access to the capabilities of the MIS. A Virtual QSE shall be liable for any and all charges associated with Initial, Final and True-Up Settlements as well as any Resettlements applying to dates during which the Virtual QSE represented ESI IDs or otherwise incurred charges pursuant to these Protocols, along with any and all costs incurred by ERCOT in collecting such amounts.

(8) ERCOT shall maintain a referral list of qualified QSEs on the MIS Public Area who request to be listed as providing QSE services on short notice. The list shall include the QSE’s name, contact information and whether they are qualified to represent Load and/or Resources and/or provide Ancillary Services. ERCOT shall not be obligated to verify the abilities of any QSE so listed. ERCOT shall require all QSEs listed to confirm their inclusion on the referral list no later than the start of each calendar year.

16.2.6.2 Market Participation by an Emergency Qualified Scheduling Entity or a Virtual Qualified Scheduling Entity

(1) An Emergency QSE or a Virtual QSE may only represent itself; it may not represent another legal entity.

(2) To the extent a transaction described below is intended to serve the Load of the Customers of an LSE that is also an Emergency QSE or Virtual QSE, such Emergency QSE or Virtual QSE may submit:

(a) Energy Trades, Capacity Trades, and Ancillary Service Trades if the Emergency QSE or Virtual QSE is also the buyer of such trades; and

(b) DAM Energy Bids.