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| **NPRR Number** | [**1073**](http://www.ercot.com/mktrules/issues/nprr1073) | **NPRR Title** | Market Participant Application Changes |
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| **Date** | | April 12, 2021 | |
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| **Market Segment** | | Independent Power Marketer (IPM) | |

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| **Comments** |

DC Energy Texas, LLC (DC Energy) generally supports Morgan Stanley’s proposal to reform the market application and continued participation requirements of the Electric Reliability Council of Texas (ERCOT) with more robust credit risk assessment measures. DC Energy respectfully requests that ERCOT and stakeholders consider the comments provided herein and make further revisions consistent with the attached further redlined version of the original proposed language.

**New Applicant, Same Principals**

DC Energy supports proposed language in paragraph (4) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, and paragraph (3) of Section 16.8.1, Criteria for Qualification as a CRR Account Holder, that would require Qualified Scheduling Entity (QSE) and Congestion Revenue Right Account Holder (CRRAH) applicants to “demonstrate to ERCOT’s reasonable satisfaction that its Principals were not Principals in any Entity that exited the ERCOT Market and is not current with a financial obligation to ERCOT at the time of its filing.” This language gives ERCOT sufficient discretion to identify instances where a market participant defaults on its financial obligations, with such obligations then allocated to other ERCOT market participants, but then requests to return to the market though a new or different Entity.

The proposed definition of Principal covers the wide array of entities and individuals that could qualify as a Principal. The last subsection in the proposed definition of Principal is an important catchall that should cover individuals or Entities who might otherwise avoid reporting. DC Energy proposes to expand this catchall subsection to provide ERCOT with reasonable discretion to determine that an individual or Entity is a Principal even for those who do not self-identify or fall into the specifically stated definitions of Principals.

DC Energy supports swift adoption of this proposed Protocol revision because it will deter market participants from exiting ERCOT to avoid default uplift obligations, thus adding to the default uplift obligation of remaining market participants, and then re-applying as a new Entity with the same Principals. DC Energy notes that a market participant simply exiting the market should not result in a market participant being able to avoid its obligations to ERCOT, including any properly allocated default uplift obligations. As ERCOT has explained in other proceedings, ERCOT does and will pursue actions and legal proceedings to collect from former and existing market participants monies owed, which can include but are not limited to default uplift obligations and other debts, obligations or liabilities incurred before the market participant exits the market or has otherwise not paid. The proposed language should be broad enough to deter this behavior[[1]](#footnote-1), while the specification that the pre-existing obligation must be current at the time of the application ensures that individuals/entities should not be unduly penalized for past defaults after the matter is resolved.

DC Energy is concerned, however, that an individual that technically qualifies as a Principal but who does not have sufficient control over the market participant could be unfairly penalized for the market participant’s decision to exit ERCOT and default on its obligations. For example, a Chief Financial Officer (CFO) clearly qualifies as a Principal and should be subject to background checks, but an individual CFO may not have sufficient control over an Entity to determine whether that Entity exits ERCOT and defaults on its obligations. ERCOT should be allowed to use its reasonable discretion to determine that an individual should not be barred from employment as an officer of another market participant. DC Energy has suggested additional language in paragraph (4) of Section 16.2.1 and paragraph (3) of Section 16.8.1 to this effect.

**Unreasonable Credit Risk**

The proposed Protocol revisions at Sections 16.2.1 and 16.8.1 should require ERCOT to provide a written explanation to affected applicants and market participants describing the basis of any determination that one poses an Unreasonable Credit Risk and a means to challenge that determination after the fact via Alternative Dispute Resolution (ADR). It is important for a market participant to understand the specific basis for any decision that it is an Unreasonable Credit Risk, particularly if the market participant is to have any reasonable chance to challenge such a finding in an ADR proceeding and to be able to explain and demonstrate to ERCOT that they do not pose an Unreasonable Credit Risk. For instance, PJM’s and MISO’s recently approved credit policy reforms ensure that market participants will receive a written explanation of any Unreasonable Credit Risk finding, in part to allow the market participant to challenge the finding after the fact.[[2]](#footnote-2) Therefore, DC Energy has included certain suggested additions to proposed Protocol Sections 16.2.1 and 16.8.1.

DC Energy appreciates that the proposed definition of Unreasonable Credit Risk focuses on the risk to ERCOT and ERCOT market participants and proposes additional language clarifying that the relevant risk is the risk of a financial default on obligations arising from participation in ERCOT-administered markets. Also, the proposed non-exclusive list of potential indicators of Unreasonable Credit Risk includes events or conditions that may or may not indicate a material threat to an ERCOT market participant’s ability to meet its financial obligations arising from participation in ERCOT-administered markets. The proposed Protocols should clarify that ERCOT’s assessment of Unreasonable Credit Risk is focused on the risk of a financial default on obligations arising from participation in ERCOT-administered markets. Otherwise, ERCOT could trigger unnecessary defaults and disruptive liquidations by market participants that, although experiencing negative impacts elsewhere, intend and have the full ability to continue to meet their obligations in ERCOT.

Regarding the listed potential indicators for determining whether a market participant is an Unreasonable Credit Risk, ERCOT should specify that only material, uncured financial defaults in ERCOT or other energy markets are a factor. Otherwise, a minor, technical financial default that is subsequently cured could result in a spurious determination of Unreasonable Credit Risk.

Similarly, if ERCOT treats an Unreasonable Credit Risk as akin to a default, then it should provide the market participant with an ability to cure the default or credit risk within a reasonable amount of time. Therefore, DC Energy proposes to add a minimum of a two Business Day period to address/cure an Unreasonable Credit Risk determination; unless, ERCOT determines that there is an imminent risk to the market. This measure will avoid unnecessary defaults and disruptive liquidations, which should be among ERCOT’s primary goals when reforming its credit requirements.

**Material Change**

The proposed language in paragraph (4) of Section 16.2.1 and paragraph (3) of Section 16.8. stating that “[a] QSE [or CRRAH] shall promptly notify ERCOT of any change that a reasonable examiner may deem material to the QSE’s [or CRRAH’s] ability to continue to meet [ERCOT’s credit requirements]” is a substantial improvement over the existing Protocols because it makes clear that only material adverse changes must be reported. DC Energy is concerned, however, that the proposed language only gives market participants one day after becoming aware of a change to report the change to ERCOT. At a minimum, market participants should have at least two business days in which to report a material adverse change because when an incident occurs, it may be a very busy time for a market participant and anything less will likely not provide enough time for the market participant to gather all of the required information and to provide adequate notice to ERCOT.

**Background Check**

ERCOT should narrowly tailor its focus when reviewing information provided under the new, proposed background check requirement to issues that are central to the creditworthiness of the market participant and its ability to meet its obligations arising from participation in ERCOT-administered markets. ERCOT should keep in mind that issues involving individual Principals may not be relevant, particularly if they do not relate to professional conduct or related market activity. In other instances, the existence of a “complaint or disciplinary action” before a regulator may not be material to a market participant’s creditworthiness in ERCOT, depending on the circumstances. In addition, a pending complaint or action is not a finding of wrong-doing or an automatic source or liability.

Also, it is unreasonable to require market participants to provide notice of changes of information relevant to a background check within one day. As with notice of a material adverse change, two business days is the minimum reasonable notice requirement given the potential exigencies and the time it will take a market participant to gather all of the required information and to provide adequate notice to ERCOT of a change.

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| **Revised Proposed Protocol Language** |

***16.1.2    Principal of a Market Participant***

(1) For purposes of Section 16, Registration and Qualification of Market Participants, a Principal is any of the following, as related to a registered Market Participant or Market Participant applicant:

(a) A sole proprietor of a sole proprietorship;

(b)  A general partner of a general partnership;

(c)  An executive of a company (e.g., president, chief executive officer, chief operating officer, chief financial officer, general counsel, or equivalent position);

(d)  A manager, managing member, or a member vested with the management authority of a limited liability company or limited liability partnership;

(e)  A shareholder with more than 10% equity of the Entity, if a public company; or

(f)   A person that has authority to take action or make decisions under these Protocols on behalf of the registered Market Participant or applicant, and is not otherwise controlled by any of the other Principal types listed above, or as otherwise identified by ERCOT.

16.2.1 Criteria for Qualification as a Qualified Scheduling Entity

(1) To become and remain a Qualified Scheduling Entity (QSE), an Entity must meet the following requirements:

(a) Submit a properly completed QSE application for qualification, including any applicable fee, necessary disclosures, and designation of Authorized Representatives, each of whom is responsible for administrative communications with the QSE and each of whom has enough authority to commit and bind the QSE and the Entities it represents;

(b) Comply with ERCOT’s background check process, as described in Section 16.2.1.1, QSE Background Check Process;

(c) Demonstrate to ERCOT’s reasonable satisfaction that the Entity does not pose an Unreasonable Credit Risk, as defined in this Section;

(d) Sign a Standard Form Market Participant Agreement;

(e) Sign any required Agreements relating to use of the ERCOT network, software, and systems;

(f) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of performing the functions of a QSE;

(g) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of complying with the requirements of all ERCOT Protocols and Operating Guides;

(h) Satisfy ERCOT’s creditworthiness and capitalization requirements as set forth in this Section, unless exempted from these requirements by Section 16.17, Exemption for Qualified Scheduling Entities Participating Only in Emergency Response Service;

(i) Be generally able to pay its debts as they come due. ERCOT may request evidence of compliance with this qualification only if ERCOT reasonably believes that a QSE is failing to comply with it;

(j) Provide all necessary bank account information and arrange for Fedwire system transfers for two-way confirmation;

(k) Be financially responsible for payment of Settlement charges for those Entities it represents under these Protocols;

(l) Comply with the backup plan requirements in the Operating Guides;

(m) Maintain a 24-hour, seven-day-per-week scheduling center with qualified personnel for the purposes of communicating with ERCOT relating to Day-Ahead and Operating Day exchange of market and operational obligations in representing Load, Resources, and market positions. Those personnel must be responsible for operational communications and must have sufficient authority to commit and bind the QSE and the Entities that it represents;

(n) Demonstrate and maintain a working functional interface with all required ERCOT computer systems; and

(o) Allow ERCOT, upon reasonable notice, to conduct a site visit to verify information provided by the QSE.

(2) If a QSE chooses to use Electronic Data Interchange (EDI) transactions to receive Settlement Statements and Invoices, it must participate in and successfully complete testing as described in Section 19.8, Retail Market Testing, before starting operations with ERCOT as a QSE.

(3) A QSE must be able to demonstrate to ERCOT’s reasonable satisfaction that it does not pose an “Unreasonable Credit Risk.” Unreasonable Credit Risk as used in Section 16, Registration and Qualification of Market Participants, is a risk of a material financial default on obligations arising from participation in ERCOT-administered markets posed to ERCOT or its Market Participants by participation of an Entity or its Principals in the ERCOT market that cannot be adequately mitigated by the Entity’s satisfaction of additional creditworthiness requirements. Indicators of Unreasonable Credit Risk may include, but are not limited to: past market manipulation or other finance-related violations, based upon a final adjudication in state or federal regulatory or legal proceedings; material uncured financial defaults in ERCOT or other energy markets; indications of imminent bankruptcy or insolvency; or a combination of current market and financial risk factors, such as low capitalization. ERCOT shall provide a QSE with a written explanation describing ERCOT’s basis for determining that the QSE poses an Unreasonable Credit Risk prior to taking action as a result of such determination, and provide the QSE with two Business Days to cure the described basis; unless, ERCOT determines that the QSE poses an imminent risk to the ERCOT market. In any event, a QSE may challenge a determination that it poses an Unreasonable Credit Risk after the fact via the dispute resolution procedures set forth in Section 20.

(4) A QSE must be able to demonstrate to ERCOT’s reasonable satisfaction that its Principals were not Principals in any Entity that exited the ERCOT Market and is not current with a financial obligation to ERCOT at the time of its filing. ERCOT may exercise its reasonable discretion and determine, however, that an individual that was a Principal in an Entity that exited the ERCOT Market did not exercise sufficient control over the Entity or the Entity’s decision to exit the ERCOT Market to warrant exclusion from acting as a Principal on behalf of a new QSE.

(5) A QSE shall promptly notify ERCOT of any change that a reasonable examiner may deem material to the QSE’s ability to continue to meet the requirements set forth in this Section, and any material change in the information provided by the QSE to ERCOT that may adversely affect the reliability or safety of the ERCOT System or the financial security of ERCOT. If the QSE fails to so notify ERCOT of such change within two Business Days after becoming aware of the change, then ERCOT may, after providing notice to each Entity represented by the QSE, refuse to allow the QSE to perform as a QSE and take any other action ERCOT deems appropriate, in its sole discretion, to prevent ERCOT or Market Participants from bearing potential or actual risks, financial or otherwise, arising from those changes, and in accordance with these Protocols.

(6) Subject to the following provisions of this paragraph, a QSE may partition itself into any number of subordinate QSEs (“Subordinate QSEs”). If a single Entity requests to partition itself into more than four Subordinate QSEs, ERCOT may implement the request subject to ERCOT’s reasonable determination that the additional requested Subordinate QSEs will not be likely to overburden ERCOT’s staffing or systems. ERCOT shall adopt an implementation plan allowing phased-in registration for these additional Subordinate QSEs in order to mitigate system or staffing impacts. However, ERCOT may not unreasonably delay that registration.

(7) Each Subordinate QSE must be treated as an individual QSE for all purposes including communications and control functions except for liability, financial security, and financial liability requirements under this Section. That liability, financial security, and financial liability is cumulative for all Subordinate QSEs for the single Entity signing the QSE Agreement.

(8) Continued qualification as a QSE is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend a QSE’s rights as a Market Participant when ERCOT reasonably determines that it is an appropriate remedy for the Entity’s failure to satisfy any applicable requirement.

***16.2.1.1 QSE Background Check Process***

(1) A QSE applicant must satisfy a background check as a part of the ERCOT registration process. Upon ERCOT’s request, a registered QSE may be required to satisfy a background check as a condition of maintaining its ERCOT registration. For the purpose of this Section unless otherwise specified, “QSE” refers to registered QSEs, QSE applicants, and their Principals.

(2) A QSE will provide the following disclosures to complete a QSE background check:

(a) Any civil or criminal litigation filed against the QSE within the last ten years that resulted in a conviction or liability for fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities laws or customer protection laws;

(b) Any complaint or disciplinary action filed against the QSE within the last ten years with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board that could foreseeably have a material adverse financial impact on the QSE;

(c) Any material uncured financial default by the QSE, or revocation of the QSE’s right to operate, in any other energy market, within the last ten years;

(d) Any bankruptcy by the QSE within the last ten years; and

(e) Any other information ERCOT deems reasonably necessary to complete a background check (e.g., Social Security Number(s), birth dates, home addresses).

(3) As required by paragraph (4) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, a QSE must provide ERCOT notice of any change that a reasonable examiner could deem material to the QSE’s ability to continue to satisfy the background check requirement within two Business Days of becoming aware of the change, including any change to information that must be disclosed under this Section.

**16.2.1.2 Data Agent-Only Qualified Scheduling Entities**

(1) An Entity may request registration as a Data Agent-Only QSE by submitting a completed Data Agent-Only QSE application. ERCOT will consider the application and register the Entity as a Data Agent-Only QSE in accordance with the same processes in Section 16.2, Registration and Qualification of Qualified Scheduling Entities, generally applicable to the QSE application process.

(2) An Entity is eligible to register as a Data Agent-Only QSE and maintain that registration if it:

(a) Meets all the eligibility criteria to qualify as a QSE under paragraph (1) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, except for items (b), (c), (h), (j), (l), and (m);

(b) Is not also registered as a Congestion Revenue Right (CRR) Account Holder;

(c) Does not participate in the Day-Ahead Market (DAM) or Real-Time Market (RTM);

(d) Does not participate in the Emergency Response Service (ERS) market;

(e) Does not have decision making authority over the Resources for which the Entity provides agency services; and

(f) Maintains 24-hour, seven-day-per-week support contact with qualified personnel to support and resolve any data or communication issues with ERCOT.

(3) A registered Data Agent-Only QSE may only be appointed to act as the authorized agent of a QSE that meets all requirements of Section 16.2.1 for the limited purpose of exchanging or communicating certain types of data with ERCOT provided that a QSE Agency Agreement making such appointment has been properly executed by the parties and accepted by ERCOT. If a Data Agent-Only QSE is appointed as such an agent, it shall perform its agency services in accordance with the terms of the QSE Agency Agreement and the requirements for Wide Area Network (WAN) Participants under the Nodal Operating Guide Section 7, Telemetry and Communication. Once a Data Agent-Only QSE has been designated as an agent as provided herein, it will be authorized to act on behalf of the designating QSE and the Market Participant represented by the designating QSE.

(4) A Data Agent-Only QSE shall comply with the obligations applicable to QSEs under this Section 16, Registration and Qualification of Market Participants, but is exempt from the following requirements:

(a) Paragraph (1)(h) of Section 16.2.1;

(b) Paragraph (1)(j) of Section 16.2.1;

(c) Paragraph (1)(l) of Section 16.2.1;

(d) Paragraph (1)(m) of Section 16.2.1;

(e) Section 16.11, Financial Security for Counter-Parties; and

(f) Section 16.16, Additional Counter-Party Qualification Requirements.

(5) ERCOT will ensure that its systems prevent participation by a Data Agent-Only QSE in the DAM and RTM.

(6) A Data Agent-Only QSE may request to change its registration to a QSE that meets all the requirements of Section 16.2.1 and is registered with ERCOT as such by submitting a written request to ERCOT. ERCOT will change the Data Agent-Only QSE’s registration upon satisfaction of all requirements in Section 16.2.1.

(7) Nothing in this section affects a Data Agent-Only QSE’s obligation under paragraph (3) of Section 16.2.1 to provide ERCOT notice of any material change that could adversely affect the reliability or safety of the ERCOT System.

16.2.2 QSE Application Process

(1) To register as a QSE, an applicant must submit to ERCOT a completed Section 23 Form G: QSE Application and Service Filing for Registration Form and any applicable fee. ERCOT shall post on the ERCOT website the form in which QSE applications must be submitted, all materials that must be provided with the QSE application and the fee schedule, if any, applicable to QSE applications. The QSE application shall be attested to by a duly authorized officer or agent of the applicant. The QSE applicant shall promptly notify ERCOT of any material changes affecting a pending application using the appropriate form posted on the ERCOT website. The application must be submitted at least 60 days before the proposed date of commencement of service.

**16.2.2.2 Incomplete QSE Applications**

(1) Within ten Business Days after receiving a QSE application, ERCOT shall notify the applicant in writing if the application is incomplete. An application will not be deemed complete until ERCOT has received all information necessary to conduct an evaluation of whether the applicant satisfies the requirements to be registered as a QSE, including information necessary to complete any background checks.

(2) If a QSE application is incomplete, ERCOT’s notice of incompletion to the applicant must explain the deficiencies and describe the additional information necessary to make the QSE application complete. The QSE applicant has five Business Days after it receives the notice, or a longer period if ERCOT allows, to provide the additional required information.

(3) If the applicant does not respond to the incompletion notice within the time allotted, ERCOT shall reject the application and shall notify the applicant using the procedures below.

(4) ERCOT will notify the applicant of the date on which the application is deemed complete.

**16.2.2.3 ERCOT Approval or Rejection of Qualified Scheduling Entity Application**

(1) ERCOT will approve or reject a QSE application within 60 days after the application has been deemed complete as provided for in Section 16.2.2.2, Incomplete QSE Applications, unless ERCOT determines that additional time is needed to complete its review of the application. ERCOT will notify the applicant when additional time is needed to complete its review and will provide a date by which ERCOT expects to complete its review. If ERCOT’s initial evaluation indicates that there may be a basis to reject the application, ERCOT shall contact the applicant prior to rendering a final decision on the application to determine if further information can be provided by the applicant to resolve the identified concern.

(2) If ERCOT rejects a QSE application, ERCOT shall send the applicant a rejection letter explaining the grounds upon which ERCOT rejected the QSE application. Appropriate grounds for rejecting a QSE application include the following:

(a) Required information is not provided to ERCOT in the allotted time;

(b) Noncompliance with technical requirements; and

(c) Noncompliance with other specific eligibility requirements in this Section or in any other Protocols.

(3) Not later than ten Business Days after receiving a rejection letter, the QSE applicant may challenge the rejection of its QSE application using the dispute resolution procedures set forth in Section 20, Alternative Dispute Resolution Procedure.The applicant may submit a new QSE application and fee at any time, and ERCOT shall process the new QSE application under this Section.

(4) If ERCOT approves the QSE application, ERCOT shall send the applicant a Standard Form Market Participant Agreement and any other required Agreements relating to use of the ERCOT network, software, and systems for the applicant’s signature.

(5) If ERCOT fails to approve or deny the QSE application within 60 days after the application is deemed complete, and also fails to notify the applicant that additional time is needed to complete its review, the QSE applicant may seek relief using the dispute resolution procedures set forth in Section 20.

#### 16.2.3.2 Maintaining and Updating QSE Information

(1) Each QSE must timely update information the QSE provided to ERCOT in the application process, and a QSE must promptly respond to any reasonable request by ERCOT for updated information regarding the QSE or the information provided to ERCOT by the QSE, including:

(a) The QSE’s addresses;

(b) A list of Principals, as defined in Section 16.1.2, Principal of a Market Participant;

(c) A list of Affiliates; and

(d) Designation of the QSE’s officers, directors, Authorized Representatives, Credit Contacts, and User Security Administrator (USA) (all per the QSE application) including the addresses (if different), telephone and facsimile numbers, and e-mail addresses for those persons.

16.8.1 Criteria for Qualification as a CRR Account Holder

(1) To become and remain a Congestion Revenue Right (CRR) Account Holder, an Entity must meet the following requirements:

(a) Submit a properly completed CRR Account Holder application (Section 23, Form A, Congestion Revenue Right (CRR) Account Holder Application for Registration) for qualification, including any applicable fee, any necessary disclosures, and designation of “Authorized Representatives,” each of whom is responsible for administrative communications with the CRR Account Holder and each of whom has enough authority to commit and bind the CRR Account Holder;

(b) Comply with ERCOT’s background check process, as described in Section 16.8.1.1, CRR Account Holder Background Check Process;

(c) Demonstrate to ERCOT’s reasonable satisfaction that the Entity does not pose an Unreasonable Credit Risk, as described in this Section;

(d) Sign a CRR Account Holder Agreement;

(e) Sign any required Agreements relating to use of the ERCOT network, software, and systems;

(f) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of performing the functions of a CRR Account Holder;

(g) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of complying with the requirements of all ERCOT Protocols and Operating Guides;

(h) Satisfy ERCOT’s creditworthiness requirements as set forth in this Section;

(i) Be generally able to pay its debts as they come due; ERCOT may request evidence of compliance with this qualification only if ERCOT reasonably believes that a CRR Account Holder is failing to comply with it;

(j) Provide all necessary bank account information and arrange for Fedwire system transfers for two-way confirmation;

(k) Be financially responsible for payment of its Settlement charges under these Protocols; and

(l) Not be an unbundled Transmission Service Provider (TSP), Distribution Service Provider (DSP), or an ERCOT employee.

(2) A CRR Account Holder must be able to demonstrate to ERCOT’s reasonable satisfaction that it does not pose an “Unreasonable Credit Risk.” Unreasonable Credit Risk as used in Section 16, Registration and Qualification of Market Participants, is a risk of a material financial default on obligations arising from participation in ERCOT-administered markets posed to ERCOT or its Market Participants by participation of an Entity or its Principals in the ERCOT market that cannot be adequately mitigated by the Entity’s satisfaction of additional creditworthiness requirements. Indicators of Unreasonable Credit Risk may include, but are not limited to: past market manipulation or other finance-related violations, based upon a final adjudication in state or federal regulatory or legal proceedings; material uncured financial defaults in ERCOT or other energy markets; indications of imminent bankruptcy or insolvency; or a combination of current market and financial risk factors, such as low capitalization. ERCOT shall provide a CRR Account Holder with a written explanation describing ERCOT’s basis for determining that the CRR Account Holder poses an Unreasonable Credit Risk prior to taking action as a result of such determination, and provide the CRR Account Holder with two Business Days to cure the described basis; unless, ERCOT determines that the CRR Account Holder poses an imminent risk to the ERCOT market. In any event, a CRR Account Holder may challenge a determination that it poses an Unreasonable Credit Risk after the fact via the dispute resolution procedures set forth in Section 20.

(3) A CRR Account Holder must be able to demonstrate to ERCOT’s reasonable satisfaction that its Principals were not Principals in any Entity that exited the ERCOT Market and is not current with a financial obligation to ERCOT at the time of its filing. ERCOT may exercise its reasonable discretion and determine, however, that an individual that was a Principal in an Entity that exited the ERCOT Market did not exercise sufficient control over the Entity or the Entity’s decision to exit the ERCOT Market to warrant exclusion from acting as a Principal on behalf of a new CRR Account Holder.

(4) A CRR Account Holder shall promptly notify ERCOT of any material change that a reasonable examiner could deem material to the CRR Account Holder’s ability to continue to meet the requirements set forth in paragraph (1) above, and any material change in the information provided by the CRR Account Holder to ERCOT that may adversely affect the financial security of ERCOT. If the CRR Account Holder fails to so notify ERCOT of the following within two Business Days after becoming aware of the change, then ERCOT may refuse to allow the CRR Account Holder to continue to perform as a CRR Account Holder and take any other action ERCOT deems appropriate, in its sole discretion, to prevent ERCOT or Market Participants from bearing potential or actual risks, financial or otherwise, arising from those changes, and in accordance with these Protocols.

(5) Continued qualification as a CRR Account Holder is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend a CRR Account Holder’s rights as a Market Participant when ERCOT reasonably determines that it is an appropriate remedy for the Entity’s failure to satisfy any applicable requirement.

***16.8.1.1 CRR Account Holder Background Check Process***

(1) CRR Account Holder applicants must satisfy a background check as a part of the ERCOT registration process. Upon ERCOT’s request, a registered CRR Account Holder may be required to satisfy a background check as a condition of maintaining its ERCOT registration. For the purpose of this Section, unless otherwise specified, “CRR Account Holder” refers to registered CRR Account Holders, CRR Account Holder applicants, and their Principals.

(2) A CRR Account Holder will provide the following disclosures to complete a CRR Account Holder background check:

(a) Any civil or criminal litigation filed against the CRR Account Holder within the last ten years that resulted in a conviction or liability for fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities laws or customer protection laws;

(b) Any complaint or disciplinary action filed against the CRR Account Holder within the last ten years with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board that could foreseeably have a material adverse financial impact on the CRR Account Holder;

(c) Any material uncured financial default by the CRR Account Holder, or revocation of the CRR Account Holder’s right to operate, in any other energy market, within the last ten years;

(d) Any bankruptcy by CRR Account Holder within the last ten years; and

(e) Any other information ERCOT deems reasonably necessary to complete a background check (e.g., Social Security Number(s), birth dates, and home addresses).

(3) As required by paragraph (3) of Section 16.8.1, Criteria for Qualification as a CRR Account Holder, a CRR Account Holder must provide ERCOT notice of any change that a reasonable examiner could deem material to the CRR Account Holder’s ability to continue to satisfy the background check requirement within two Business Days of becoming aware of the change, including any change to information that must be disclosed.

16.8.2 CRR Account Holder Application Process

(1) To register as a CRR Account Holder, an applicant must submit to ERCOT a completed Section 23 Form A: Congestion Revenue Right (CRR) Account Holder Application for Registration and any applicable fee. ERCOT shall post on the ERCOT website the form in which CRR Account Holder applications must be submitted, all materials that must be provided with the CRR Account Holder application and the fee schedule, if any, applicable to CRR Account Holder applications. The CRR Account Holder application shall be attested to by a duly authorized officer or agent of the applicant. The CRR Account Holder applicant shall promptly notify ERCOT of any material changes affecting a pending application using the appropriate form posted on the ERCOT website. The application must be submitted at least 60 days before the first day of participation in the CRR Auction process or purchase of CRRs.

**16.8.2.2 Incomplete CRR Account Holder Applications**

(1) Within ten Business Days after receiving a CRR Account Holder application, ERCOT shall notify the applicant in writing if the application is incomplete. An application will not be deemed complete until ERCOT has received all information necessary to conduct an evaluation of whether the applicant satisfies the requirements to be registered as a CRR Account Holder, including information necessary to complete any needed background checks.(2) If a CRR Account Holder application is incomplete, ERCOT’s notice of incompletion to the applicant must explain the deficiencies and describe the additional information necessary to make the CRR Account Holder application complete. The CRR Account Holder applicant has five Business Days after it receives the notice, or a longer period if ERCOT allows, to provide the additional required information. (3) If the applicant does not respond to the incompletion notice within the time allotted, ERCOT shall reject the application and shall notify the applicant using the procedures below.

(4) ERCOT will notify the applicant of the date on which the application is deemed complete.

**16.8.2.3 ERCOT Approval or Rejection of CRR Account Holder Application**

(1) ERCOT will approve or reject a CRR Account Holder application within 60 days after the application has been deemed complete as provided for in Section 16.8.2.2, Incomplete CRR Account Holder Applications, unless ERCOT determines that additional time is needed to complete its review of the application. ERCOT will notify the applicant when additional time is needed to complete its review and will provide a date by which ERCOT expects to complete its review. If ERCOT’s initial evaluation indicates that there may be a basis to reject the application, ERCOT shall contact the applicant prior to rendering a final decision on the application to determine if further information can be provided by the applicant to resolve the identified concern.

(2) If ERCOT rejects a CRR Account Holder application, ERCOT shall send the applicant a rejection letter explaining the grounds upon which ERCOT rejected the CRR Account Holder application. Appropriate grounds for rejecting a CRR Account Holder application include the following:

(a) Required information is not provided to ERCOT in the allotted time;

(b) Noncompliance with technical requirements; and

(c) Noncompliance with other specific eligibility requirements in this Section or in any other Protocols.

(3) Not later than ten Business Days after receiving a rejection letter, the CRR Account Holder applicant may challenge the rejection of its CRR Account Holder application using the dispute resolution procedures set forth in Section 20, Alternative Dispute Resolution Procedure. The applicant may submit a new CRR Account Holder application and fee at any time, and ERCOT shall process the new CRR Account Holder application under this Section.

(4) If ERCOT approves the CRR Account Holder application, ERCOT shall send the applicant a CRR Account Holder Agreement and any other required Agreements relating to use of the ERCOT network, software, and systems for the applicant’s signature.

(5) If ERCOT fails to approve or deny the CRR Account Holder application within 60 days after the application is deemed complete, and fails to notify the applicant that additional time is needed to complete its review, the CRR Account Holder may seek relief using the dispute resolution procedures set forth in Section 20.

#### 16.8.3.1 Maintaining and Updating CRR Account Holder Information

(1) Each CRR Account Holder must timely update information the CRR Account Holder provided to ERCOT in the application process, and a CRR Account Holder must promptly respond to any reasonable request by ERCOT for updated information regarding the CRR Account Holder or the information provided to ERCOT by the CRR Account Holder, including:

(a) The CRR Account Holder’s addresses;

(b) A list of Principals;

(c) A list of Affiliates; and

(d) Designation of the CRR Account Holder’s officers, directors, Authorized Representatives, Credit Contacts, and User Security Administrator (all per the CRR Account Holder application) including the addresses (if different), telephone and facsimile numbers, and e-mail addresses for those persons.

**ERCOT Nodal Protocols**

**Section 23**

**Form A: Congestion Revenue Right (CRR) Account Holder Application for Registration**

**TBD**

Date Received: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CONGESTION REVENUE RIGHT (CRR) ACCOUNT HOLDER**

**APPLICATION FOR REGISTRATION**

This application is for approval as a CRR Account Holder by the Electric Reliability Council of Texas Inc. (ERCOT) in accordance with the ERCOT Protocols. Information may be inserted electronically to expand the reply spaces as necessary. ERCOT will accept the completed, executed application via email to [MPRegistration@ercot.com](mailto:MPRegistration@ercot.com) (.pdf version), via facsimile to (512) 225-7079, or via mail to Market Participant Registration, 7620 Metro Center Drive, Austin, Texas 78744. In addition to the application, ERCOT must receive an application fee in the amount of $500 via check or wire transfer. ERCOT must also receive a background check fee in the amount of $350 per Principal via check or wire transfer. If you need assistance filling out this form, or if you have any questions, please call (512) 248-3900.

This application must be signed by the Authorized Representative, Backup Authorized Representative or an Officer of the company listed herein, as appropriate. ERCOT may request additional information as reasonably necessary to support operations under the ERCOT Protocols.

**PART I – ENTITY Information**

|  |  |
| --- | --- |
| **Legal Name of the Applicant:** |  |
| **Legal Address of the Applicant:** | Street Address: |
|  | City, State, Zip: |
| **DUNS¹ Number:** |  |

¹ Defined in Section 2.1, Definitions.

**Check if entity is a Non-Opt In Entity (NOIE).**

**1. Authorized Representative (“AR”)**.Defined inSection 2.1, Definitions.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**2. Backup AR**.*(Optional)* This person may sign any form for which an AR’s signature is required and will perform the functions of the AR in the event the AR is unavailable.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**3. Type of Legal Structure**. (Please indicate only one.)

Individual  Partnership  Municipally Owned Utility

Electric Cooperative  Limited Liability Company  Corporation

Other:

If Applicant is not an individual, provide the state in which the Applicant is organized,      , and the date of organization:

**4. User Security Administrator (USA)**.As defined in Section 16.12, User Security Administrator and Digital Certificates, the USA is responsible for managing the Market Participant’s access to ERCOT’s computer systems through Digital Certificates.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**5. Backup USA**. *(Optional)* This person may perform the functions of the USA as defined in the ERCOT Protocols in the event the USA is unavailable.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**6. Cybersecurity**. This contact is responsible for communicating Cybersecurity Incidents.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**7. Allocation Eligibility**.Indicate if the Applicant is eligible for the allocation described below:

**Pre-Assigned Congestion Revenue Right (PCRR) Allocations.** ERCOT shall allocate PCRRs to eligible Municipally Owned Utilities (MOUs) and Electric Cooperatives (ECs) pursuant to Section 7.4, Allocation of Pre-Assigned Congestion Revenue Rights.

**8. Proposed commencement date for service:**

**PART II – BANKING INFORMATION FOR FUNDS TRANSFERS**

**1. Banking Information.** Applicant must be able to conduct Electronic Funds Transfers (EFTs) for the settlement of financial transactions with ERCOT.

|  |  |
| --- | --- |
| **Bank Name:** |  |
| **Account Name:** |  |
| **Account No.:** |  |
| **ABA Number:** |  |

**2. Accounts Payable Contact (Settlement & Billing).**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | |
| **City:** |  | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** |  | | | | **Fax:** |  | | | |
| **Email Address:** | | |  | | | | | | |

**3. Backup Accounts Payable Contact (Settlement & Billing).** *(Optional)*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | |
| **City:** |  | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** |  | | | | **Fax:** |  | | | |
| **Email Address:** | | |  | | | | | | |

**PART III – ADDiTIONAL REQUIRED Information**

**1. Officers and Principals.** Provide the name of all officers and the name and position of all Principals, as defined by ERCOT Protocol Section 16.1.2, Principal of a Market Participant. ERCOT will perform an individual background check on each Principal of the Applicant. In addition, ERCOT will obtain the names of all individuals and/or entities listed with the Texas Secretary of State as having binding authority for the Applicant. ERCOT will use this list of individuals to determine who can execute such documents as the Standard Form Market Participant Agreement (Section 22, Attachment A), Amendment to the Standard Form Market Participant Agreement (Section 22, Attachment C), Digital Certificate Audit Attestation, etc. Alternatively, additional documentation (Articles of Incorporation, Board Resolutions, Delegation of Authority, Secretary’s Certificate, etc.) can be provided to prove binding authority for the Applicant.

**2. Affiliates and Other Registrations.** Provide the name, legal structure, and relationship of each of the Applicant’s affiliates, if applicable. See Section 2.1, Definitions, for the definition of “Affiliate.” Please also provide the name and type of any other ERCOT Market Participant registrations held by the Applicant. *(Attach additional pages if necessary.)*

|  |  |  |
| --- | --- | --- |
| **Affiliate Name**  (or name used for other ERCOT registration) | **Type of Legal Structure**  (partnership, limited liability company, corporation, etc.) | **Relationship**  (parent, subsidiary, partner, affiliate, etc.) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**3. Disclosures.** Provide the following disclosures involving Applicant, its predecessors, Affiliates, or Principals:

A) Any civil or criminal litigation filed against Applicant within the last ten years that resulted in a conviction of fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities laws or customer protection laws;

B) Any complaint or disciplinary action filed against Applicant within the last ten years with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board that could foreseeably have a material adverse financial impact on the Applicant;

C) Any material uncured financial default by Applicant, or revocation of Applicant’s right to operate, in any other energy market, within the last ten years;

D) Any bankruptcy by Applicant within the last ten years; and

E) Any other information ERCOT deems reasonably necessary to complete the background check (e.g., Social Security Number(s), birth dates, and home addresses).

**4. Counter-Party Credit Application.** Complete the Counter-Party Credit Application, located at http://www.ercot.com/services/rq/credit, and submit as instructed in conjunction with this application, in accordance with Section 16.8, Registration and Qualification of Congestion Revenue Rights Account Holders.

**5. Annual Certification Form to Meet ERCOT Additional Minimum Participation.** Complete Section 22 Attachment J, Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements, and submit in conjunction with this application, pursuant to Section 16.16.3, Verification of Risk Management Framework.

**6. Qualified Scheduling Entity (QSE) Acknowledgment.** Provide all information requested in Attachment A below and have the document executed by both parties, ***ONLY*** if the Applicant is a Non-Opt-In Entity (NOIE) and eligible for Pre-assigned CRRs.

**PART IV – SIGNATURE**

I affirm that I have personal knowledge of the facts stated in this application and that I have the authority to submit this application form on behalf of the Applicant. I further affirm that all statements made and information provided in this application form are true, correct and complete, and that the Applicant will provide to ERCOT any changes in such information in a timely manner.

|  |  |
| --- | --- |
| Signature of AR, Backup AR or Officer: |  |
| Printed Name of AR, Backup AR or Officer: |  |
| Date: |  |

**Attachment A – QSE Acknowledgment**

**Acknowledgment by Designated QSE for**

**Scheduling and Settlement Responsibilities with ERCOT**

**Applicable only if CRRAH is a NOIE and eligible for Pre-Assigned CRRs**

The Applicant below has named the QSE listed below as its designated QSE to represent the Applicant for scheduling and Settlement transactions with ERCOT.

The Applicant’s designated QSE, listed below, hereby acknowledges that it does represent the Applicant and that it shall be responsible for the Applicant’s scheduling and Settlement transactions with ERCOT pursuant to the ERCOT Protocols.

The requested effective date for such representation is:      [[3]](#footnote-3)\*\*

or

Establish partnership at the earliest possible date

Acknowledgment by **QSE**:

|  |  |
| --- | --- |
| Signature of AR for QSE: |  |
| Printed Name of AR: |  |
| Email Address of AR: |  |
| Date: |  |
| Name of Designated QSE: |  |
| DUNS of Designated QSE: |  |

Acknowledgment by **Applicant**:

|  |  |
| --- | --- |
| Signature of AR for MP: |  |
| Printed Name of AR: |  |
| Email Address of AR: |  |
| Date: |  |
| Name of MP: |  |
| DUNS No. of MP: |  |

**ERCOT Nodal Protocols**

**Section 23**

**Form G: QSE Application and Service Filing for Registration Form**

**TBD**

**QUALIFIED SCHEDULING ENTITY (QSE)**

**APPLICATION AND SERVICE FILING FOR REGISTRATION**

This application is for approval as a Qualified Scheduling Entity (QSE) by Electric Reliability Council of Texas Inc. (ERCOT) in accordance with the ERCOT Protocols. Information may be inserted electronically to expand the reply spaces as necessary. ERCOT will accept the completed, executed application via email to [MPRegistration@ercot.com](mailto:MPRegistration@ercot.com) (.pdf version), via facsimile to (512) 225-7079, or via mail to Market Participant Registration, 7620 Metro Center Drive, Austin, Texas 78744. In addition to the application, ERCOT must receive an application fee in the amount of $500 via check. ERCOT must also receive a background check fee in the amount of $350 per Principal via check or wire transfer. If you need assistance filling out this form, or if you have any questions, please call (512) 248-3900.

This application must be signed by the Authorized Representative, Backup Authorized Representative or an Officer of the company listed herein, as appropriate. ERCOT may request additional information as reasonably necessary to support operations under the ERCOT Protocols.

**PART I – ENTITY Information**

|  |  |
| --- | --- |
| **Legal Name of the Applicant:** |  |
| **Legal Address of the Applicant:** | Street Address: |
|  | City, State, Zip: |
| **DUNS¹ Number:** |  |

¹Defined in Section 2.1, Definitions.

**Check if Applying as an Emergency Response Service (ERS) Only QSE.**

**1. Authorized Representative (“AR”).** Defined in Section 2.1, Definitions.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**2. Backup AR.** *(Optional)* This person may sign any form for which an AR’s signature is required and will perform the functions of the AR as defined in the ERCOT Protocols in the event the AR is unavailable.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**3. Type of Legal Structure.** (Please indicate only one.)

Individual  Partnership  Municipally Owned Utility

Electric Cooperative  Limited Liability Company  Corporation

Other:

If Applicant is not an individual, provide the state in which the Applicant is organized,      , and the date of organization:      .

**4. User Security Administrator (USA).** As defined in Section 16.12, User Security Administrator and Digital Certificates, the USA is responsible for managing the Market Participant’s access to ERCOT’s computer systems through Digital Certificates.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**5. Backup USA.** *(Optional)* This person may perform the functions of the USA as defined in the ERCOT Protocols in the event the USA is unavailable.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**6. Cybersecurity**. This contact is responsible for communicating Cybersecurity Incidents.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**7. 24x7 Control or Operations Center.** As defined in item (1)(k) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, the 24x7control or operations center is responsible for operational communications and shall have sufficient authority to commit and bind the QSE.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Desk Name:** | | |  | | | | | | |
| **Address:** | |  | | | | | | | |
| **City:** |  | | | | **State:** |  | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | |
| **Email Address:** | | | |  | | | | | |

**8. Compliance Contact.** This person is responsible for compliance related issues.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**9. Proposed commencement date for service:**

**PART II – BANKING INFORMATION FOR FUNDS TRANSFERS**

**1. Banking Information.** Applicant must be able to conduct Electronic Funds Transfers (EFTs) for the settlement of financial transactions with ERCOT.

|  |  |
| --- | --- |
| **Bank Name:** |  |
| **Account Name:** |  |
| **Account No.:** |  |
| **ABA Number:** |  |

**2. Accounts Payable Contact (Settlement & Billing).**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**Backup Accounts Payable Contact (Settlement & Billing).** *(Optional.)*

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**PART III – DECLARATION OF SUBORDINATE QSEs**

If the QSE intends to partition itself into subordinate QSEs (Sub-QSEs), please enter information for each Sub-QSE below. If a Sub-QSE will have a different 24x7 Contact than the QSE, please provide that information in the spaces provided below. The Sub-QSE name must have a reference to the Legal Entity Name. For example: Legal Name of Market Participant (SQ1), Legal Name of Market Participant (SQ2), etc.

**Sub-QSE One (SQ1)**

**Name:**       **Proposed commencement date for service:**

**24x7 Contact information same?  Yes  No (If no, complete the section below)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**Sub-QSE Two (SQ2)**

**Name:**       **Proposed commencement date for service:**

**24x7 Contact information same?  Yes  No (If no, complete the section below)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**Sub-QSE Three (SQ3)**

**Name:**       **Proposed commencement date for service:**

**24x7 Contact information same?  Yes  No (If no, complete the section below)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**Sub-QSE Four (SQ4)**

**Name:**       **Proposed commencement date for service:**

**24x7 Contact information same?  Yes  No (If no, complete the section below)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name:** | | |  | | | | **Title:** |  | | |
| **Address:** | |  | | | | | | | | |
| **City:** |  | | | | **State:** |  | | | **Zip:** |  |
| **Telephone:** | |  | | | | **Fax:** |  | | | |
| **Email Address:** | | | |  | | | | | | |

**PART IV – ADDiTIONAL REQUIRED Information**

**1. Officers and Principals.** Provide the name of all officers and the name and position of each Principal, as defined by ERCOT Protocol Section 16.1.2, Principal of a Market Participant. ERCOT will perform an individual background check on each Principal of the Applicant. In addition, ERCOT will obtain the names of all individuals and/or entities listed with the Texas Secretary of State as having binding authority for the Applicant. ERCOT will use this list of individuals to determine who can execute such documents as the Standard Form Market Participant Agreement (Section 22, Attachment A), Amendment to Standard Form Market Participant Agreement (Section 22, Attachment C), Digital Certificate Audit Attestation, etc. Alternatively, additional documentation (Articles of Incorporation, Board Resolutions, Delegation of Authority, Secretary’s Certificate, etc.) can be provided to prove binding authority for the Applicant.

**2. Affiliates and Other Registrations.** Provide the name, legal structure, and relationship of each of the Applicant’s affiliates, if applicable. See Section 2.1, Definitions, for the definition of “Affiliate.” Please also provide the name and type of any other ERCOT Market Participant registrations held by the Applicant. *(Attach additional pages if necessary.)*

**3. Disclosures.** Provide the following disclosures involving Applicant, its predecessors, Affiliates, or Principals:

A) Any civil or criminal litigation filed against Applicant within the last ten years that resulted in a conviction of fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities laws or customer protection laws;

B) Any complaint or disciplinary action filed against Applicant within the last ten years with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board that could foreseeably have a material adverse financial impact on the Applicant;

C) Any material uncured financial default by Applicant, or revocation of Applicant’s right to operate, in any other energy market, within the last ten years;

D) Any bankruptcy by Applicant within the last ten years; and

E) Any other information ERCOT deems reasonably necessary to complete the background check (e.g., Social Security Number(s), birth dates, and home addresses).

**4.** **Counter-Party Credit Application.** Complete the Counter-Party Credit Application, located at http://www.ercot.com/services/rq/credit, and submit as instructed in conjunction with this application, in accordance with Section 16.2, Registration and Qualification of Qualified Scheduling Entities.

|  |  |  |
| --- | --- | --- |
| **Affiliate Name**  (or name used for other ERCOT registration) | **Type of Legal Structure**  (partnership, limited liability company, corporation, etc.) | **Relationship**  (parent, subsidiary, partner, affiliate, etc.) |
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**5. Annual Certification Form to Meet ERCOT Additional Minimum Participation.** Complete Section 22, Attachment J, Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements, and submit in conjunction with this application, pursuant to Section 16.16.3, Verification of Risk Management Framework.

**PART V – SIGNATURE**

I affirm that I have personal knowledge of the facts stated in this application and that I have the authority to submit this application form on behalf of the Applicant. I further affirm that all statements made and information provided in this application form are true, correct and complete, and that the Applicant will provide to ERCOT any changes in such information in a timely manner.

|  |  |
| --- | --- |
| Signature of AR, Backup AR or Officer: |  |
| Printed Name of AR, Backup AR or Officer: |  |
| Date: |  |

**ERCOT Fee Schedule**

***TBD***

The following is a schedule of ERCOT fees currently in effect.

|  |  |  |
| --- | --- | --- |
| **Description** | **Nodal Protocol Reference** | **Calculation/Rate/Comment** |
| ERCOT System Administration fee | 9.16.1 | $0.555 per MWh to fund ERCOT activities subject to Public Utility Commission of Texas (PUCT) oversight. This fee is charged to all Qualified Scheduling Entities (QSEs) based on Load represented. |
| Private Wide Area Network fees | 9.16.2 | Actual cost of using third party communications network - Initial equipment installation cost not to exceed $25,000, and monthly network management fee not to exceed $1,500. |
| ERCOT Generation Interconnection fee (Not Refundable) | NA | Application to interconnect generation meeting the requirements of Planning Guide Section 5.1.1, Applicability, to the ERCOT Transmission Grid.  $5,000 (less than or equal to 150MW)  $7,000 (greater than 150MW) |
| Full Interconnection Study Application fee (Not Refundable) | NA | $15 per MW – to support ERCOT system studies and coordination. Applicable MW amount per Planning Guide Section 5, Generation Resource Interconnection or Change Request. |
| Map Sale fees | NA | $20 - $40 per map request (by size) |
| Qualified Scheduling Entity Application fee | 9.16.2 | $500 per Entity |
| Competitive Retailer Application fee | 9.16.2 | $500 per Entity |
| Congestion Revenue Right (CRR) Account Holder Application fee | 9.16.2 | $500 per Entity |
| Independent Market Information System Registered Entity fee (IMRE) | 9.16.2 | $500 per Entity |
| Counter-Party Background Check Fee | 9.16.2 | $350 per Principal |
| Voluminous Copy fee | NA | $0.15 per page in excess of 50 pages |

1. Language like that recently adopted by the New York Independent System Operator (“NYISO”) is both overly restrictive and not specific enough because it includes numerous extraneous factors where the former market participant and the new applicant must overlap, in part because NYISO proposed its language in response to a specific situation. *See NYISO*, 170 FERC ¶ 61,054 (2020) (approving NYISO OATT sec. 27.4). In ERCOT’s current circumstance, the specific risk is that Principals of an existing market participant will exit the market and default on their outstanding default uplift allocation and then attempt to rejoin the market via another Entity. [↑](#footnote-ref-1)
2. *See MISO*, 170 FERC ¶ 61,257, at P 8 (2020); *PJM Interconnection, L.L.C*., 171 FERC ¶ 61,173 (2020). [↑](#footnote-ref-2)
3. \*\**Actual effective date will depend on time needed to implement the relationship in ERCOT systems once ERCOT has received all necessary information (a minimum of three Business Days), and may be later than the requested effective date. ERCOT will notify the parties of the actual effective date*. [↑](#footnote-ref-3)