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| NPRR Number | [1081](http://www.ercot.com/mktrules/issues/nprr1081) | NPRR Title | Revisions to Real-Time Reliability Deployment Price Adder to Consider Firm Load Shed |
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| Date | | June 22, 2021 | |
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| Submitter’s Information | | | |
| Name | | Public Utility Commission of Texas (PUCT) Staff | |
| E-mail Address | | [marketanalysis@puc.texas.gov](mailto:marketanalysis@puc.texas.gov) | |
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| Market Segment | | Not Applicable | |

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| Comments |

Public Utility Commission of Texas (PUCT) Staff submits these comments to express support of Nodal Protocol Revision Request (NPRR) 1081 as amended by the 6/16/21 ERCOT comments. NPRR1081 would modify the calculation of the Real-Time On-Line Reliability Deployment Price Adder to consider ERCOT-directed firm Load shed during an Energy Emergency Alert (EEA) Level 3 event as recommended in the Independent Market Monitor’s (IMM’s) 2020 State of the Market Report for the ERCOT Electricity Markets.[[1]](#footnote-1) Staff agrees that ensuring Real-Time energy prices reflect the Value of Lost Load (VOLL) when Load is being shed is a necessary and fundamental economic signal in an energy-only market design.

NPRR1081 was submitted by ERCOT and the IMM after discussion with the Commission at the June 3, 2021 PUCT Open Meeting. While a comprehensive analysis of the February 2021 events related to Winter Storm Uri and its impacts on the ERCOT wholesale electric market is ongoing, the IMM’s report highlighted a pair of pricing flaws revealed by the event that merit urgent attention. These pricing flaws are addressed in NPRR1080, Limiting Ancillary Service Price to System-Wide Offer Cap, and NPRR1081.

Consistent with the direction provided during Uri, NPRR1081 will provide a permanent pricing solution for when out-of-market reliability actions are taken by ERCOT to ensure grid stability. Firm Load shed during an EEA 3 event to maintain sufficient Physical Responsive Capability (PRC) or stabilize grid frequency is an out-of-market reliability action and therefore should be reflected in Real-Time energy prices. In such an event, Real-Time energy prices should reflect cost equal to VOLL which is equal to the System-Wide Offer Cap (SWCAP). Staff agrees with the IMM’s assessment that efficient pricing is needed during extreme shortages to provide the economic signals necessary to increase the generation needed to restore Load in the short-term and service it reliably over the long-term.

PUCT Staff appreciates the work by ERCOT stakeholders in granting NPRR1081 Urgent status and requests TAC pass NPRR1081 through for consideration at the June 28, 2021 Board of Directors meeting in order to implement the changes as expeditiously as possible.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None

1. PUC Project No. 34677, Reports of the Independent Market Monitor for the ERCOT, Item No. 18, 2020 State of the Market Report, (May 28, 2021) [↑](#footnote-ref-1)