|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1092](http://www.ercot.com/mktrules/issues/NPRR1092) | NPRR Title | Remove RUC Offer Floor |
| Date of Decision | September 16, 2021 |
| Action | Tabled |
| Timeline  | Normal |
| Proposed Effective Date | To be determined |
| Priority and Rank Assigned | To be determined |
| Nodal Protocol Sections Requiring Revision  | 6.5.7.3, Security Constrained Economic Dispatch |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This Nodal Protocol Revision Request (NPRR) reduces the value of the offer floor on Resources that have the status of ONRUC. |
| Reason for Revision |  Addresses current operational issues. Meets Strategic goals (tied to the [ERCOT Strategic Plan](http://www.ercot.com/content/wcm/lists/144926/ERCOT_Strategic_Plan_2019-2023.pdf) or directed by the ERCOT Board). Market efficiencies or enhancements Administrative Regulatory requirements Other: (explain)*(please select all that apply)* |
| Business Case | The Reliability Unit Commitment (RUC) offer floor was put into place in a market construct in which self-commitment was relied upon and RUC was infrequent. Recently, ERCOT has been utilizing the RUC process to procure an excess reliability margin. As such, it is no longer appropriate to have an offer floor on these MWs as high as $1,500/MWh. In conjunction with the opt-out process and the frequent reliability commitments, the RUC offer floor represents an inefficiency with regard to the incentive to commit. An offer floor in alignment with Non-Spinning Reserve’s (Non-Spin’s) will provide more appropriate incentives. |
| Credit Work Group Review | To be determined |
| PRS Decision | On 9/16/21, PRS voted unanimously via roll call to table NPRR1092 and refer the issue to WMS. The Independent Retail Electric Provider (IREP) Market Segment did not participate in the vote. |
| Summary of PRS Discussion | On 9/16/21, the sponsor provided an overview of NPRR1092 and the case for Urgent status. Some participants voiced a preference for waiting until the Public Utility Commission of Texas (PUCT) provides direction for a more holistic market redesign rather than piecemeal improvements to processes like RUC within individual NPRRs. Other participants questioned whether the RUC floor should be removed entirely, rather than lowered. Participants ultimately requested additional discussion of these issues at WMS. |

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| --- |
| Sponsor |
| Name | Carrie Bivens |
| E-mail Address | cbivens@potomaceconomics.com |
| Company | Potomac Economics, Independent Market Monitor (IMM) |
| Phone Number | 512-248-6678 |
| Market Segment | Not applicable |

|  |
| --- |
| **Market Rules Staff Contact** |
| **Name** | Cory Phillips |
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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 |

**6.5.7.3 Security Constrained Economic Dispatch**

(1) The SCED process is designed to simultaneously manage energy, the system power balance and network congestion through Resource Base Points and calculation of LMPs every five minutes. The SCED process uses a two-step methodology that applies mitigation prospectively to resolve Non-Competitive Constraints for the current Operating Hour. The SCED process evaluates Energy Offer Curves, Output Schedules and Real-Time Market (RTM) Energy Bids to determine Resource Dispatch Instructions by maximizing bid-based revenues minus offer-based costs, subject to power balance and network constraints. The SCED process uses the Resource Status provided by SCADA telemetry under Section 6.5.5.2, Operational Data Requirements, and validated by the Real-Time Sequence, instead of the Resource Status provided by the COP.

(2) The SCED solution must monitor cumulative deployment of Regulation Services and ensure that Regulation Services deployment is minimized over time.

(3) In the Generation To Be Dispatched (GTBD) determined by LFC, ERCOT shall subtract the sum of the telemetered net real power consumption from all Controllable Load Resources available to SCED.

(4) For use as SCED inputs, ERCOT shall use the available capacity of all committed Generation Resources by creating proxy Energy Offer Curves for certain Resources as follows:

(a) Non-IRRs and Dynamically Scheduled Resources (DSRs) without Energy Offer Curves

(i) ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below for:

(A) Each non-IRR for which its QSE has submitted an Output Schedule instead of an Energy Offer Curve; and

(B) Each DSR that has not submitted incremental and decremental Energy Offer Curves.

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | SWCAP |
| Output Schedule MW plus 1 MW | SWCAP minus $0.01 |
| Output Schedule MW | -$249.99 |
| LSL | -$250.00 |

(b) DSRs with Energy Offer Curves

(i) For each DSR that has submitted incremental and decremental Energy Offer Curves, ERCOT shall create a monotonically increasing proxy Energy Offer Curve. That curve must consist of the incremental Energy Offer Curve that reflects the available capacity above the Resource’s Output Schedule to its HSL and the decremental Energy Offer Curve that reflects the available capacity below the Resource’s Output Schedule to the LSL. The curve must be created as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| Output Schedule MW plus 1 MW to HSL | Incremental Energy Offer Curve |
| LSL to Output Schedule MW  | Decremental Energy Offer Curve |

(c) Non-IRRs without full-range Energy Offer Curves

(i) For each non-IRR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the Resource’s available capacity, ERCOT shall create a proxy Energy Offer Curve that extends the submitted Energy Offer Curve to use the entire available capacity of the Resource above the highest point on the Energy Offer Curve to the Resource’s HSL and the offer floor from the lowest point on the Energy Offer Curve to its LSL, using these points:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in submitted Energy Offer Curve) | Price associated with highest MW in submitted Energy Offer Curve |
| Energy Offer Curve | Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(d) IRRs

(i) For each IRR that has not submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | $1,500 |
| HSL minus 1 MW | -$249.99 |
| LSL | -$250.00 |

(ii) For each IRR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the IRR’s available capacity, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in submitted Energy Offer Curve) | Price associated with the highest MW in submitted Energy Offer Curve |
| Energy Offer Curve | Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(e) RUC-committed Resources

(i) For each RUC-committed Resource that has not submitted an Energy Offer Curve, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL  | $75 |
| Zero | $75 |

(ii) For each RUC-committed Resource that has submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in Energy Offer Curve) | Greater of $75 or price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve | Greater of $75 or the QSE submitted Energy Offer Curve |
| Zero | Greater of $75 or the first price point of the QSE submitted Energy Offer Curve |

(iii) For each Combined Cycle Generation Resource that was RUC-committed from one On-Line configuration in order to transition to a different configuration with additional capacity, as instructed by ERCOT, that has not submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration  | $75 |
| Zero | $75 |

(iv) For each Combined Cycle Generation Resource that was RUC-committed from one On-Line configuration in order to transition to a different configuration with additional capacity, as instructed by ERCOT, that has submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration (if more than highest MW in Energy Offer Curve) | Greater of $75 or price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve for MW at and above HSL of QSE-committed configuration | Greater of $75 or the QSE submitted Energy Offer Curve |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve and price associated with highest MW in Energy Offer Curve is less than $75) | $75 |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve) | Price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve for MW at and below HSL of QSE-committed configuration | The QSE submitted Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(5) The Entity with decision making authority, as more fully described in Section 3.19.1, Constraint Competitiveness Test Definitions, over how a Resource or Split Generation Resource is offered or scheduled, shall be responsible for all offers associated with each Resource, including offers represented by a proxy Energy Offer Curve.

(6) For a Controllable Load Resource whose QSE has submitted an RTM Energy Bid that does not cover the full range of the Resource’s available Demand response capability, consistent with the Controllable Load Resource’s telemetered quantities, ERCOT shall create a proxy energy bid as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| LPC to MPC minus maximum MW of RTM Energy Bid | Price associated with the lowest MW in submitted RTM Energy Bid curve |
| MPC minus maximum MW of RTM Energy Bid to MPC | RTM Energy Bid curve |
| MPC | Right-most point (lowest price) on RTM Energy Bid curve |

(7) ERCOT shall ensure that any RTM Energy Bid is monotonically non-increasing. The QSE representing the Controllable Load Resource shall be responsible for all RTM Energy Bids, including bids updated by ERCOT as described above.

(8) If a Controllable Load Resource telemeters a status of OUTL, it is not considered as dispatchable capacity by SCED. A QSE may use this function to inform ERCOT of instances when the Controllable Load Resource is unable to follow SCED Dispatch Instructions. Under all telemetered statuses including OUTL, the remaining telemetry quantities submitted by the QSE shall represent the operating conditions of the Controllable Load Resource that can be verified by ERCOT. A QSE representing a Controllable Load Resource with a telemetered status of OUTL is still obligated to provide any applicable Ancillary Service Resource Responsibilities previously awarded to that Controllable Load Resource. This paragraph does not apply to ESRs.

(9) Energy Offer Curves that were constructed in whole or in part with proxy Energy Offer Curves shall be so marked in all ERCOT postings or references to the energy offer.

(10) The two-step SCED methodology referenced in paragraph (1) above is:

(a) The first step is to execute the SCED process to determine Reference LMPs. In this step, ERCOT executes SCED using the full Network Operations Model while only observing limits of Competitive Constraints. Energy Offer Curves for all On-Line Generation Resources and RTM Energy Bids from available Controllable Load Resources, whether submitted by QSEs or created by ERCOT under this Section, are used in the SCED to determine “Reference LMPs.”

(b) The second step is to execute the SCED process to produce Base Points, Shadow Prices, and LMPs, subject to security constraints (including Competitive and Non-Competitive Constraints) and other Resource constraints. The second step must:

(i) Use Energy Offer Curves for all On-Line Generation Resources, whether submitted by QSEs or created by ERCOT. Each Energy Offer Curve must be bounded at the lesser of the Reference LMP (from Step 1) or the appropriate Mitigated Offer Floor. In addition, each Energy Offer Curve subject to mitigation under the criteria described in Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, must be capped at the greater of the Reference LMP (from Step 1) at the Resource Node plus a variable not to exceed 0.01 multiplied by the value of the Resource’s Mitigated Offer Cap (MOC) curve at the LSL or the appropriate MOC;

(ii) Use RTM Energy Bid curves for all available Controllable Load Resources, whether submitted by QSEs or created by ERCOT. There is no mitigation of RTM Energy Bids. An RTM Energy Bid from a Controllable Load Resource represents the bid for energy distributed across all nodes in the Load Zone in which the Controllable Load Resource is located. For an ESR, an RTM Energy Bid represents a bid for energy at the ESR’s Resource Node; and

(iii) Observe all Competitive and Non-Competitive Constraints.

(c) ERCOT shall archive information and provide monthly summaries of security violations and any binding transmission constraints identified in Step 2 of the SCED process. The summary must describe the limiting element (or identified operator-entered constraint with operator’s comments describing the reason and the Resource-specific impacts for any manual overrides). ERCOT shall provide the summary to Market Participants on the MIS Secure Area and to the Independent Market Monitor (IMM).

(11) For each SCED process, in addition to the binding Base Points and LMPs, ERCOT shall calculate a non-binding projection of the Base Points and Resource Node LMPs, Real-Time Reliability Deployment Price Adders, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders, Hub LMPs and Load Zone LMPs at a frequency of every five minutes for at least 15 minutes into the future based on the same inputs to the SCED process as described in this Section, except that the Resource’s HDL and LDL and the total generation requirement will be as estimated at future intervals. The Resource’s HDL and LDL will be calculated for each interval of the projection based on the ramp rate capability over the study period. ERCOT shall estimate the projected total generation requirement by calculating a Load forecast for the study period. In lieu of the steps described in Section 6.5.7.3.1, Determination of Real-Time On-Line Reliability Deployment Price Adder, the non-binding projection of Real-Time Reliability Deployment Price Adders shall be estimated based on GTBD, reliability deployments MWs, and aggregated offers. The Energy Offer Curve from SCED Step 2, the virtual offers for Load Resources deployed and the power balance penalty curve will be compared against the updated GTBD to get an estimate of the System Lambda from paragraph (2)(m) of Section 6.5.7.3.1. ERCOT shall post the projected non-binding Base Points for each Resource for each interval study period on the MIS Certified Area and the projected non-binding LMPs for Resource Nodes, Real-Time Reliability Deployment Price Adders, Real-Time On-Line Reserve Price Adders, Real-Time Off-Line Reserve Price Adders, Hub LMPs and Load Zone LMPs on the ERCOT website pursuant to Section 6.3.2, Activities for Real-Time Operations.

(12) For each SCED process, ERCOT shall calculate a Real-Time On-Line Reserve Price Adder and a Real-Time Off-Line Reserve Price Adder based on the On-Line and Off-Line available reserves in the ERCOT System and the Operating Reserve Demand Curve (ORDC). The Real-Time Off-Line available reserves shall be administratively set to zero when the SCED snapshot of the Physical Responsive Capability (PRC) is equal to or below the PRC MW at which Energy Emergency Alert (EEA) Level 1 is initiated. In addition, for each SCED process, ERCOT shall calculate a Real-Time On-Line Reliability Deployment Price Adder. The sum of the Real-Time Reliability Deployment Price Adder and the Real-Time On-Line Reserve Price Adder shall be averaged over the 15-minute Settlement Interval and added to the Real-Time LMPs to determine the Real-Time Settlement Point Prices. The price after the addition of the sum of the Real-Time On-Line Reliability Deployment Price Adder and the Real-Time On-Line Reserve Price Adder to LMPs approximates the pricing outcome of the impact to energy prices from reliability deployments and the Real-Time energy and Ancillary Service co-optimization since the Real-Time On-Line Reserve Price Adder captures the value of the opportunity cost of reserves based on the defined ORDC. An Ancillary Service imbalance Settlement shall be performed pursuant to Section 6.7.5, Real-Time Ancillary Service Imbalance Payment or Charge, to make Resources indifferent to the utilization of their capacity for energy or Ancillary Service reserves.

(13) ERCOT shall determine the methodology for implementing the ORDC to calculate the Real-Time On-Line Reserve Price Adder and Real-Time Off-Line Reserve Price Adder. Following review by TAC, the ERCOT Board shall review the recommendation and approve a final methodology. Within two Business Days following approval by the ERCOT Board, ERCOT shall post the methodology on the ERCOT website.

(14) At the end of each season, ERCOT shall determine the ORDC for the same season in the upcoming year, based on historic data using the ERCOT Board-approved methodology for implementing the ORDC. Annually, ERCOT shall verify that the ORDC is adequately representative of the loss of Load probability for varying levels of reserves. Twenty days after the end of the Season, ERCOT shall post the ORDC for the same season of the upcoming year on the ERCOT website.

(15) ERCOT may override one or more of a Controllable Load Resource’s parameters in SCED if ERCOT determines that the Controllable Load Resource’s participation is having an adverse impact on the reliability of the ERCOT System.

(16) The QSE representing an ESR, in order to charge the ESR, must submit RTM Energy Bids, and the ESR may withdraw energy from the ERCOT System only when dispatched by SCED to do so. An ESR may telemeter a status of OUTL only if the ESR is in Outage status.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| ***[NPRR930, NPRR1000, NPRR1010, NPRR1014, and NPRR1019: Replace applicable portions of Section 6.5.7.3 above with the following upon system implementation for NPRR930, NPRR1000, NPRR1014, or NPRR1019; or upon system implementation of the Real-Time Co-Optimization (RTC) project for NPRR1010:]*****6.5.7.3 Security Constrained Economic Dispatch**(1) The SCED process is designed to simultaneously manage energy, Ancillary Services, the system power balance and network congestion through Resource Base Points, Ancillary Service awards, and the calculation of LMPs and Real-Time MCPCs approximately every five minutes, or more frequently if necessary. The SCED process uses a two-step methodology that applies mitigation to offers for energy prospectively to resolve Non-Competitive Constraints for the current Operating Hour. The SCED process evaluates Energy Offer Curves, Energy Bid/Offer Curves, Ancillary Service Offers, Output Schedules and Real-Time Market (RTM) Energy Bids to determine Resource Dispatch Instructions and Ancillary Service awards by maximizing bid-based revenues minus offer-based costs, subject to power balance, Ancillary Service Demand Curves (ASDCs), and network constraints. The SCED process uses the Resource Status provided by SCADA telemetry under Section 6.5.5.2, Operational Data Requirements, and validated by the Real-Time Sequence, instead of the Resource Status provided by the COP.(2) The SCED solution must monitor cumulative deployment of Regulation Services and ensure that Regulation Services deployment is minimized over time.(3) In the Generation To Be Dispatched (GTBD) determined by LFC, ERCOT shall subtract the sum of the telemetered net real power consumption from all Controllable Load Resources available to SCED.(4) For use as SCED inputs for determining energy dispatch and Ancillary Service awards, ERCOT shall use the available capacity of all committed Generation Resources by creating proxy Energy Offer Curves for certain Resources as follows: (a) Non-IRRs without Energy Offer Curves(i) ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below for:(A) Each non-IRR for which its QSE has submitted an Output Schedule instead of an Energy Offer Curve.

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | RTSWCAP |
| Output Schedule MW plus 1 MW | RTSWCAP minus $0.01 |
| Output Schedule MW | -$249.99 |
| LSL | -$250.00 |

(b) Non-IRRs without full-range Energy Offer Curves (i) For each non-IRR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the Resource’s available capacity, ERCOT shall create a proxy Energy Offer Curve that extends the submitted Energy Offer Curve to use the entire available capacity of the Resource above the highest point on the Energy Offer Curve to the Resource’s HSL and the offer floor from the lowest point on the Energy Offer Curve to its LSL, using these points:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in submitted Energy Offer Curve) | Price associated with highest MW in submitted Energy Offer Curve |
| Energy Offer Curve | Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(c) IRRs(i) For each IRR that has not submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | $1,500 |
| HSL minus 1 MW | -$249.99 |
| LSL | -$250.00 |

(ii) For each IRR for which its QSE has submitted an Energy Offer Curve that does not cover the full range of the IRR’s available capacity, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in submitted Energy Offer Curve) | Price associated with the highest MW in submitted Energy Offer Curve |
| Energy Offer Curve | Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(d) RUC-committed Resources (i) For each RUC-committed Resource that has not submitted an Energy Offer Curve, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL  | $75 |
| Zero | $75 |

(ii) For each RUC-committed Resource that has submitted an Energy Offer Curve, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in Energy Offer Curve) | Greater of $75 or price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve | Greater of $75 or the QSE submitted Energy Offer Curve |
| Zero | Greater of $75 or the first price point of the QSE submitted Energy Offer Curve |

(iii) For each RUC-committed Resource during the time period stated in the Advance Action Notice (AAN) if any Resource received an Outage Schedule Adjustment, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | $4,500 or the effective Value of Lost Load (VOLL), whichever is less. |
| Zero | $4,500 or the effective VOLL, whichever is less. |

(iv) For each Combined Cycle Generation Resource that was RUC-committed from one On-Line configuration in order to transition to a different configuration with additional capacity, as instructed by ERCOT, that has not submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration  | $75 |
| Zero | $75 |

(v) For each Combined Cycle Generation Resource that was RUC-committed from one On-Line configuration in order to transition to a different configuration with additional capacity, as instructed by ERCOT, that has submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a monotonically increasing proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration (if more than highest MW in Energy Offer Curve) | Greater of $75 or price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve for MW at and above HSL of QSE-committed configuration | Greater of $75 or the QSE submitted Energy Offer Curve |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve and price associated with highest MW in Energy Offer Curve is less than $75) | $75 |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve) | Price associated with the highest MW in QSE submitted Energy Offer Curve |
| Energy Offer Curve for MW at and below HSL of QSE-committed configuration | The QSE submitted Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(vi) For each RUC-committed Switchable Generation Resource (SWGR) that is not part of a Combined Cycle Train already operating in ERCOT, that has not submitted an Energy Offer Curve, and that has a COP Resource Status of EMRSWGR for the instructed Operating Hour at the time of the RUC instruction, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL | $4,500 or the effective Value of Lost Load (VOLL), whichever is less |
| Zero | $4,500 or the effective VOLL, whichever is less |

(vii) For each RUC-committed SWGR that is not part of a Combined Cycle Train already operating in ERCOT, that has submitted an Energy Offer Curve, and that has a COP Resource Status of EMRSWGR for the instructed Operating Hour at the time of the RUC instruction, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL (if more than highest MW in Energy Offer Curve) | Greater of: $4,500 or the effective VOLL, whichever is less; and the price associated with the highest MW in QSE-submitted Energy Offer Curve |
| Energy Offer Curve | Greater of: $4,500 or the effective VOLL, whichever is less; and the QSE-submitted Energy Offer Curve |
| Zero | Greater of: $4,500 or the effective VOLL, whichever is less; and the first price point of the QSE-submitted Energy Offer Curve |

(viii) For each Combined Cycle Train configuration that includes at least one SWGR that is operating in a non-ERCOT Control Area as part of a configuration with a COP Resource Status of EMRSWGR for the instructed Operating Hour at the time of a RUC instruction requiring the switching of the SWGR into the ERCOT Control Area, if the QSE for the Combined Cycle Train has not submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration  | $4,500 or the effective VOLL, whichever is less |
| Zero | $4,500 or the effective VOLL, whichever is less |

(ix) For each Combined Cycle Train configuration that includes at least one SWGR that is operating in a non-ERCOT Control Area as part of a configuration with a COP Resource Status of EMRSWGR for the instructed Operating Hour at the time of a RUC instruction requiring the switching of the SWGR into the ERCOT Control Area, if the QSE for the Combined Cycle Train has submitted an Energy Offer Curve for the RUC-committed configuration, ERCOT shall create a proxy Energy Offer Curve as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| HSL of RUC-committed configuration (if more than highest MW in Energy Offer Curve) | Greater of: $4,500 or the effective VOLL, whichever is less; and the price associated with the highest MW in QSE-submitted Energy Offer Curve |
| Energy Offer Curve for MW at and above HSL of QSE-committed configuration | Greater of: $4,500 or the effective VOLL, whichever is less; and the QSE-submitted Energy Offer Curve |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve and price associated with highest MW in Energy Offer Curve is less than $4,500) | $4,500 or the effective VOLL, whichever is less |
| HSL of QSE-committed configuration (if more than highest MW in Energy Offer Curve) | Price associated with the highest MW in QSE-submitted Energy Offer Curve |
| Energy Offer Curve for MW at and below HSL of QSE-committed configuration | The QSE-submitted Energy Offer Curve |
| 1 MW below lowest MW in Energy Offer Curve (if more than LSL) | -$249.99 |
| LSL (if less than lowest MW in Energy Offer Curve) | -$250.00 |

(5) For use as SCED inputs for determining energy dispatch and Ancillary Service awards, ERCOT shall use the available Ancillary Service MW capacity of all Resources by creating a proxy Ancillary Service Offer for qualified Resources as follows:(a) The proxy Ancillary Service Offer shall be a linked Ancillary Service Offer across all Ancillary Service products for which a Resource is qualified to provide. For Generation Resources, the proxy Ancillary Service Offer MW shall be equal to the Resource’s telemetered HSL. For ESRs, the proxy Ancillary Service Offer MW shall be equal to the difference between the Resource’s telemetered HSL and LSL. For Load Resources, the proxy Ancillary Service Offer MW shall be equal to the Resource’s telemetered Maximum Power Consumption (MPC).(b) For Resources that are not RUC-committed, the price in the proxy Ancillary Service Offer shall be set to:(i) For Reg-Up and RRS, the maximum of:(A) The proxy Ancillary Service Offer price floor for Reg-Up or RRS, respectively;(B) The Resource’s highest submitted Ancillary Service Offer price for Reg-Up or RRS, respectively;(C) The Resource’s highest Ancillary Service Offer price for ECRS (submitted or proxy); or(D) The Resource’s highest Ancillary Service Offer price for Non-Spin (submitted or proxy).(ii) For ECRS, the maximum of: (A) The proxy Ancillary Service Offer price floor for ECRS; (B) The Resource’s highest submitted Ancillary Service Offer price for ECRS; or(C) The Resource’s highest Ancillary Service Offer price for Non-Spin (submitted or proxy).(iii) For Non-Spin, the maximum of: (A) The proxy Ancillary Service Offer price floor for Non-Spin; or(B) The Resource’s highest submitted Ancillary Service Offer price for Non-Spin.(iv) For Reg-Down, the maximum of:(A) The proxy Ancillary Service Offer price floor for Reg-Down; or(B) The Resource’s highest submitted Ancillary Service Offer price for Reg-Down.(c) ERCOT systems shall be designed to allow for proxy Ancillary Service Offer price floors to differ when the same Ancillary Service product can be provided by either On-Line or Off-Line Resources, and/or an Ancillary Service product has sub-types. (d) Proxy Ancillary Service Offer price floors shall be approved by TAC and posted on the ERCOT website.(e) For RUC-committed Resources:(i) If a RUC-committed Resource does not have an Ancillary Service Offer for an Ancillary Service product that the Resource is qualified to provide, ERCOT shall create an Ancillary Service Offer for that Ancillary Service product at a value of $75/MWh for the full operating range of the Resource up to its telemetered HSL.(ii) For each Ancillary Service product for which a RUC-committed Resource has an Ancillary Service Offer, the Ancillary Service Offer used by SCED for that Ancillary Service product across the full operating range of the Resource up to its telemetered HSL shall be the maximum of: (A) The Resource’s highest submitted Ancillary Service Offer price; or (B) $75/MWh.(6) For use as SCED inputs for determining energy Dispatch and Ancillary Service awards, ERCOT shall use the available capacity of all On-Line ESRs by creating proxy Energy Bid/Offer Curves for certain Resources as follows: (a) For each ESR for which its QSE has submitted an Energy Bid/Offer Curve that does not cover the full offer range (LSL to HSL) of the Resource’s available capacity, ERCOT shall create a proxy Energy Bid/Offer Curve that extends the submitted Energy Bid/Offer Curve to use the entire available capacity of the Resource above the highest MW point on the Energy Bid/Offer Curve to the Resource’s HSL and from the lowest MW point on the Energy Bid/Offer Curve to LSL, using these prices for the corresponding MW segments:

|  |  |  |
| --- | --- | --- |
| **Scenario** | **MW Segment** | **Price (per MWh)** |
| HSL MW and the highest MW point on the Energy Bid/Offer are both greater than or equal to zero, and,HSL is greater than the highest MW in submitted Energy Bid/Offer Curve | From highest MW point on submitted Energy Bid/Offer Curve to HSL MW | RTSWCAP  |
| HSL MW is greater than or equal to zero, and,the highest MW point on the Energy Bid/Offer is less than zero | From highest MW point on submitted Energy Bid/Offer Curve to 0 MWFrom 0 MW to HSL | Price associated with the highest MW in submitted Energy Bid/Offer CurveRTSWCAP |
| HSL is less than zero and is also greater than the highest MW in submitted Energy Bid/Offer Curve | From highest MW point on submitted Energy Bid/Offer Curve to HSL MW | Price associated with the highest MW in submitted Energy Bid/Offer Curve |
| Energy Bid/Offer Curve |  | Energy Bid/Offer Curve |
| LSL MW and the lowest MW point on the Energy Bid/Offer Curve are both greater than or equal to zero, and,LSL is less than the lowest MW in submitted Energy Bid/Offer Curve | From LSL to lowest MW point on submitted Energy Bid/Offer Curve | Price associated with the lowest MW in submitted Energy Bid/Offer Curve |
| LSL MW is less than zero,and,the lowest MW point on the Energy Bid/Offer Curve is greater than zero | From LSL to 0 MWFrom 0 MW to lowest MW point on submitted Energy Bid/Offer Curve | -$250.00Price associated with the lowest MW in submitted Energy Bid/Offer Curve |
| LSL and the lowest MW point on the Energy Bid/Offer Curve are both less than or equal to zero,and,LSL is less than the lowest MW point on the Energy Bid/Offer Curve | From LSL to lowest MW point on submitted Energy Bid/Offer Curve | -$250.00 |

(b) At the time of SCED execution, if a valid Energy Bid/Offer Curve or Output Schedule does not exist for an ESR that has a status of On-Line, then ERCOT shall notify the QSE and create a proxy Energy Bid/Offer Curve priced at -$250/MWh for the MW portion of the curve less than zero MW, and priced at the RTSWCAP for the MW portion of the curve greater than zero MW.(c) At the time of SCED execution, if a QSE representing an ESR has submitted an Output Schedule instead of an Energy Bid/Offer Curve, ERCOT shall create a proxy Energy Bid/Offer Curve priced at -$250/MWh for the MW portion of the curve from its LSL to the MW amount on the Output Schedule, and priced at the RTSWCAP for the MW portion of the curve from the MW amount on the Output Schedule to its HSL.(7) The Entity with decision-making authority, as more fully described in Section 3.19.1, Constraint Competitiveness Test Definitions, over how a Resource or Split Generation Resource is offered or scheduled, shall be responsible for all offers associated with each Resource, including offers represented by a proxy Energy Offer Curve, proxy Energy Bid/Offer Curve, or proxy Ancillary Service Offer. (8) For a Controllable Load Resource whose QSE has submitted an RTM Energy Bid that does not cover the full range of the Resource’s available Demand response capability, consistent with the Controllable Load Resource’s telemetered quantities, ERCOT shall create a proxy energy bid as described below:

|  |  |
| --- | --- |
| **MW** | **Price (per MWh)** |
| LPC to MPC minus maximum MW of RTM Energy Bid | Price associated with the lowest MW in submitted RTM Energy Bid curve |
| MPC minus maximum MW of RTM Energy Bid to MPC | RTM Energy Bid curve |
| MPC | Right-most point (lowest price) on RTM Energy Bid curve |

(9) ERCOT shall ensure that any RTM Energy Bid is monotonically non-increasing. The QSE representing the Controllable Load Resource shall be responsible for all RTM Energy Bids, including bids updated by ERCOT as described above.(10) If a Controllable Load Resource telemeters a status of OUTL, it is not considered as dispatchable capacity by SCED. A QSE may use this function to inform ERCOT of instances when the Controllable Load Resource is unable to follow SCED Dispatch Instructions. Under all telemetered statuses including OUTL, the remaining telemetry quantities submitted by the QSE shall represent the operating conditions of the Controllable Load Resource that can be verified by ERCOT. A QSE representing a Controllable Load Resource with a telemetered status of OUTL is still obligated to provide any applicable Ancillary Services awarded to the Resource. This paragraph does not apply to ESRs. (11) Energy Offer Curves that were constructed in whole or in part with proxy Energy Offer Curves shall be so marked in all ERCOT postings or references to the energy offer.(12) SCED will enforce Resource-specific Ancillary Service constraints to ensure that Ancillary Service awards are aligned with a Resource’s qualifications and telemetered Ancillary Service capabilities.(13) Energy Bid/Offer Curves that were constructed in whole or in part with proxy Energy Bid/Offer Curves shall be so marked in all ERCOT postings or references to the energy bid/offer.(14) The two-step SCED methodology referenced in paragraph (1) above is:(a) The first step is to execute the SCED process to determine Reference LMPs. In this step, ERCOT executes SCED using the full Network Operations Model while only observing limits of Competitive Constraints in addition to power balance and Ancillary Service constraints. Energy Offer Curves for all On-Line Generation Resources, Energy Bid/Offer Curves for all On-Line ESRs, and RTM Energy Bids from available Controllable Load Resources, whether submitted by QSEs or created by ERCOT under this Section, are used in the SCED to determine “Reference LMPs.” (b) The second step is to execute the SCED process to produce Base Points, Ancillary Service awards, Shadow Prices, Real-Time MCPCs, and LMPs, subject to security constraints (including Competitive and Non-Competitive Constraints) and other Resource constraints. The second step must:(i) Use Energy Offer Curves for all On-Line Generation Resources, whether submitted by QSEs or created by ERCOT. Each Energy Offer Curve must be bounded at the lesser of the Reference LMP (from Step 1) or the appropriate Mitigated Offer Floor. In addition, each Energy Offer Curve subject to mitigation under the criteria described in Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, must be capped at the greater of the Reference LMP (from Step 1) at the Resource Node plus a variable not to exceed 0.01 multiplied by the value of the Resource’s Mitigated Offer Cap (MOC) curve at the LSL or the appropriate MOC; (ii) Use Energy Bid/Offer Curves for all On-Line ESRs, whether submitted by QSEs or created by ERCOT. Each Energy Bid/Offer Curve must be bounded at the lesser of the Reference LMP (from Step 1) or the appropriate Mitigated Offer Floor. The offer portion of each Energy Bid/Offer Curve subject to mitigation under the criteria described in Section 3.19.4, Security-Constrained Economic Dispatch Constraint Competitiveness Test, must be capped at the greater of the Reference LMP (from Step 1) at the Resource Node plus a variable not to exceed 0.01 multiplied by the value of the Resource’s MOC curve at the LSL or the appropriate MOC; (iii) Use RTM Energy Bid curves for all available Controllable Load Resources, whether submitted by QSEs or created by ERCOT. There is no mitigation of RTM Energy Bids. An RTM Energy Bid from a Controllable Load Resource represents the bid for energy distributed across all nodes in the Load Zone in which the Controllable Load Resource is located. For an ESR, an RTM Energy Bid represents a bid for energy at the ESR’s Resource Node; (iv) Observe all Competitive and Non-Competitive Constraints; and(v) Use Ancillary Service Offers to determine Ancillary Service awards.(c) ERCOT shall archive information and provide monthly summaries of security violations and any binding transmission constraints identified in Step 2 of the SCED process. The summary must describe the limiting element (or identified operator-entered constraint with operator’s comments describing the reason and the Resource-specific impacts for any manual overrides). ERCOT shall provide the summary to Market Participants on the MIS Secure Area and to the Independent Market Monitor (IMM).(d) The System Lambda used to determine LMPs from SCED Step 2 shall be capped at the effective VOLL. (15) For each SCED process, in addition to the binding Base Points, Ancillary Service awards, Real-Time MCPCs, and LMPs, ERCOT shall calculate a non-binding projection of the Base Points, Ancillary Service awards, MCPCs, Resource Node LMPs, Real-Time Reliability Deployment Price Adders, Hub LMPs, and Load Zone LMPs at a frequency of every five minutes for at least 15 minutes into the future based on the same inputs to the SCED process as described in this Section, except that the Resource’s HDL and LDL and the total generation requirement will be as estimated at future intervals. The Resource’s HDL and LDL will be calculated for each interval of the projection based on the ramp rate capability over the study period. ERCOT shall estimate the projected total generation requirement by calculating a Load forecast for the study period. In lieu of the steps described in Section 6.5.7.3.1, Determination of Real-Time Reliability Deployment Price Adders, the non-binding projection of Real-Time Reliability Deployment Price Adders shall be estimated based on GTBD, reliability deployments MWs, and aggregated offers. The Energy Offer Curve and Energy Bid/Offer Curves from SCED Step 2, the virtual offers for Load Resources deployed and the power balance penalty curve will be compared against the updated GTBD to get an estimate of the System Lambda from paragraph (2)(m) of Section 6.5.7.3.1. ERCOT shall post the projected non-binding Base Points and Ancillary Service awards for each Resource for each interval study period on the MIS Certified Area and the projected non-binding LMPs for Resource Nodes, Real-Time MCPCs, Real-Time Reliability Deployment Price Adders, Hub LMPs and Load Zone LMPs on the ERCOT website pursuant to Section 6.3.2, Activities for Real-Time Operations.(16) ERCOT may override one or more of a Controllable Load Resource’s parameters in SCED if ERCOT determines that the Controllable Load Resource’s participation is having an adverse impact on the reliability of the ERCOT System.(17) The QSE representing an ESR may withdraw energy from the ERCOT System only when dispatched by SCED to do so. An ESR may telemeter a status of OUT only if the ESR is in Outage status. |