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| NPRR Number | [1107](http://www.ercot.com/mktrules/issues/NPRR1107) | NPRR Title | Addition of Weatherization Inspection Fees to the ERCOT Fee Schedule and Clarification of Generation Interconnection Request Fees |
| Date of Decision | | November 17, 2021 | |
| Action | | Recommended Approval | |
| Timeline | | Urgent – to allow for the recovery of costs associated with performing weatherization inspections scheduled to begin in December 2021. Further, the moratorium on Distribution Generation Resources (DGRs) interconnection is scheduled to expire in early 2022 and clarification is needed that DGRs will be subject to Generation Interconnection or Change Request (GINR) fees like other generation projects. | |
| Proposed Effective Date | | Upon Public Utility Commission of Texas (PUCT) approval – December 17, 2021 until September 1, 2022 | |
| Priority and Rank Assigned | | Not Applicable | |
| Nodal Protocol Sections Requiring Revision | | ERCOT Fee Schedule | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) adds new fees for weatherization inspections conducted by ERCOT to the ERCOT Fee Schedule. This NPRR further clarifies that the existing GINR fees apply to all generation interconnection projects regardless of whether they will interconnect at the transmission or distribution level. | |
| 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 | | Pursuant to Senate Bill 3 (SB3) and P.U.C. SUBST. R. 25.55, Weather Emergency Preparedness, ERCOT is required to perform new weatherization tasks, including conducting inspections of Generation Resources and Transmission Facilities. At its August 10, 2021 meeting, the ERCOT Board of Directors approved the recommendation to recover costs relating to the SB3 weatherization inspections separately from the System Administration fee for the 2022 and 2023 Biennial Budget. Further, clarification of the applicability of GINR fees is needed before the expiration of the DGR moratorium in early 2022. | |
| Credit Work Group Review | | ERCOT Credit Staff and the Credit Work Group (Credit WG) have reviewed NPRR1107 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. | |
| PRS Decision | | On 11/10/21, PRS voted via roll call to waive notice for NPRR1107, and to grant NPRR1107 Urgent status. There were two opposing votes from the Independent Generator (Luminant) and Municipal (Denton) Market Segments, and seven abstentions from the Consumer (2) (OPUC, Occidental Chemical), Independent Generator (Jupiter Power), Independent Power Marketer (IPM) (3) (Tenaska, DC Energy, Morgan Stanley), and Municipal (Austin Energy) Market Segments. PRS then voted unanimously via roll call to table NPRR1107. All Market Segments participated in the votes.  On 11/17/21, PRS voted via roll call to recommend approval of NPRR1107 as amended by the 11/16/21 TIEC comments and to forward to TAC NPRR1107 and the Impact Analysis with a recommended effective date of upon PUCT approval and a recommended sunset date of September 1, 2022. There were four opposing votes from the Independent Generator (3) (Broad Reach, Jupiter Power, ENGIE) and Municipal (GEUS) Market Segments, and three abstentions from the Consumer (Occidental Chemical), IPM (Morgan Stanley), and Independent Retail Electric Provider (IREP) (Just Energy) Market Segments. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 11/10/21, ERCOT Staff reviewed NPRR1107. Some participants requested clarification as to how the Weatherization Inspection fee will be applied towards various Resource types and sites that contain multiple Resources. Some participants also expressed concern regarding the fee’s cost and interest rate and proposed paying ERCOT directly for inspections as opposed to via cost-raising, third-party vendors. Participants requested that ERCOT provide additional, clarifying materials at the next PRS meeting. In consideration of the 2021 Generation Entity Winter Weather Preparedness Workshop, participants requested PRS table NPRR1107 for further discussion at a special PRS meeting.  On 11/17/21, participants reviewed the 11/15/21 ERCOT, 11/16/21 Joint Commenters, and 11/16/21 TIEC comments. Participants requested clarification as to how weatherization inspections are performed, what criteria constitutes an inspection, and how inspection costs are configured. Some participants also expressed concern regarding disproportionate cost distribution. Participants examined the practicalities of the Joint Commenters’ and TIEC’s approach to the collection and allocation of costs in contrast with ERCOT’s approach. Participants also expressed the need to initiate an inspection plan quickly and requested an opportunity to return to the topic of weatherization inspection in 2022 to recalibrate the process per lessons learned. | |

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| Market Segment | Not Applicable |

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| **Comments Received** | |
| **Comment Author** | **Comment Summary** |
| ERCOT 111521 | Clarified that inspection fees will be charged per Resource or Transmission Facility that is inspected; and that Combined Cycle Trains will be charged one inspection fee per inspected unit and that payments for Invoices will be due within 30 days after the Invoice date |
| Joint Commenters 111621 | Adjusted the allocation of Weatherization Inspection fees to apply across all Resource Entities rather than to a subset of Resource Entities |
| TIEC 111621 | Limited the applicability of the Weatherization Inspection fee to Resource Entities representing Generation Resources |

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| **Market Rules Notes** |

Please note the following NPRR(s) also propose revisions to the following Section(s):

* NPRR1067, Market Entry Qualifications, Continued Participation Requirements, and Credit Risk Assessment
  + ERCOT Fee Schedule

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| Proposed Protocol Language Revision |

**ERCOT Fee Schedule**

***TBD***

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

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| **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 to the ERCOT System.  $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 |
| Weatherization Inspection fees | NA | Resource Entities representing Generation Resources shall pay a fee to fund weatherization inspection pursuant to 16 Texas Administrative Code (TAC) § 25.55. The fee shall be calculated as a rate resulting from the sum of the estimated cost of all contractors and ERCOT internal labor, plus a contingency amount of 10% less amounts expected to be recovered from inspection fees recovered from Transmission Service Providers (TSPs), divided by the aggregate winter Net Dependable Capability of all operational Generation Resources meeting Checklist Part 3 interconnection qualifications as of December 1 of each year. The Checklist Part 3 interconnection qualifications are found in the Resource Interconnection Handbook. The resulting rate shall be multiplied by the Net Dependable Capability of each Generation Resource and allocated to Resource Entities for the Generation Resources represented by the Resource Entity on December 1 of each year, and which have met the Checklist Part 3 criteria. For purposes of this fee, the Net Dependable Capability for each Generation Resource shall be the winter value identified in the Resource Integration and Ongoing Operations application.  TSPs that undergo a weatherization inspection pursuant to 16 TAC § 25.55 shall pay an inspection fee of $3,000 per substation or switching station inspected.  ERCOT will send an invoice in January reflecting the applicable fee to the Resource Entity or TSP. Payment of the fee will be due within 30 days and late payments will incur 5% annual interest. Further payment terms and instructions will be included on the invoice. |
| Voluminous Copy fee | NA | $0.15 per page in excess of 50 pages |