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| NPRR Number | [1120](https://www.ercot.com/mktrules/issues/NPRR1120) | NPRR Title | Create Firm Fuel Supply Service |
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| Date | February 15, 2022 |
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| Submitter’s Information |
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| Market Segment | Municipal |

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| Comments |

CPS Energy supports the creation of the Firm Fuel Supply Service (FFSS) as one of many needed improvements to increase reliability during emergency conditions. We offer these comments on the market clearing mechanism and the need for self-arrangement. We also support the transparency of the deployment and operation of this service and request that ERCOT share its expected deployment methodologies and practices.

**Market clearing mechanism and the need for self-arrangement** – We recommend that ERCOT implement a methodology to allow for a self-arrangement similar to the methodology used by ERCOT during the period of time when the Emergency Response Service (ERS) program was utilizing a pay-as-bid structure. CPS Energy continues to make significant investments in its generation fleet as a natural hedge for the benefit of our Customers, including additional recent investments to expand onsite fuel storage capabilities. When using a pay-as-bid structure, there is a risk that our natural gas Generation Resources will not clear the auction and our Customers will have no choice but to pay a premium for a service that we have already invested in. This would constitute an inefficient use of Resources, a concern that would be eliminated through the implementation of a uniform clearing price auction. The uniform clearing price will allow a market-based methodology which will allow our generators to hedge the Customer costs of the service via the competitive market. Accordingly, we would like ERCOT to identify the impacts of self-arrangement and ask that ERCOT provide input and insight into this recommendation.

**Operational transparency** – This service is most beneficial to ERCOT in times of supply scarcity within the natural gas system. However, ERCOT doesn’t have direct insight into the Real-Time supply and demand status of the natural gas system so it has proposed to allow the Generation Resource to request deployment of the service in order to run. This decision can be highly subjective, so a clear set of criteria that the ERCOT Operator will use to determine the deployment of the service would provide much needed transparency. We support the use of this product for wide-spread natural gas supply shortages and not for localized needs or Resource-specific natural gas supplier disputes resulting in a lack of fuel supply to the generator. We recommend that ERCOT develop a practice of reporting deployment of the service to the appropriate ERCOT stakeholder groups and, if appropriate, the ERCOT Board of Directors. We also recommend that ERCOT update the relevant business practice manuals and Other Binding Documents to reflect the criteria that ERCOT control room will use when deploying this service.

We appreciate the opportunity to offer our feedback and look forward to working with ERCOT as we develop this service and make improvements to it in the future.

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| Revised Cover Page Language |

None.

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| Revised Proposed Protocol Language |

None.