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| NPRR Number | [1092](http://www.ercot.com/mktrules/issues/NPRR1092) | NPRR Title | Reduce RUC Offer Floor and Remove RUC Opt-Out Provision |
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| Date | | March 9, 2022 | |
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| Submitter’s Information | | | |
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| Market Segment | | Cooperative | |

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| Comments |

STEC and LCRA appreciate the opportunity to comment on Nodal Protocol Revision Request (NPRR) 1092. This NPRR, and the market issues it ostensibly seeks to resolve, continue to garner significant attention among stakeholders, the Commission, and state leadership. STEC and LCRA share the concerns of many others who have observed that the use of Reliability Unit Commitment (RUC) has changed dramatically since winter storm Uri, and this overreliance on RUC risks undermining the market reforms that the Public Utility Commission of Texas (PUCT) has directed in furtherance of Senate Bill 3.

With regard to this NPRR, however, STEC and LCRA continue to oppose the current proposal to reduce the RUC offer floor to $75/MWh, as both Entities have expressed in each of the subcommittee and working group meetings during which this proposal has been discussed since it was filed in August 2021. This dramatic reduction of the RUC offer floor will suppress Real-Time market prices by effectively putting out-of-market Resources ahead of Resources with competitive market offers. This will also decrease forward market prices—which has a direct, negative impact on the ability of this market to incentivize new dispatchable generation. STEC and LCRA also support the points in Shell’s 2/16/2022 and 3/8/2022 comments that reducing the RUC offer floor to $75/MWh will result in price suppression and reduce the incentive for self-commitment.

STEC and LCRA also continue to oppose the elimination of the RUC buy-back provision as proposed in NPRR1092. As ERCOT continues to RUC units far in advance of the need for those Resources and disrupts the pricing of energy in the market, it is more important that than ever to maintain this functionality because it (i) transfers the risk of financial losses resulting from the RUC instruction from Load to the Qualified Scheduling Entity (QSE) exercising the buy-back provision and (ii) it restores the normal processes of price formation in the market.

STEC and LCRA greatly appreciate Chairman Lake’s recognition that this use of RUC is not intended to be used “in perpetuity,” and share the commitment of other commenters to work on market-based solutions in place of command and control procedures that undermine the long-term reliability of the ERCOT market. STEC and LCRA look forward to the workshop on NPRR1092 and collaborating with stakeholders to develop a reasonable path forward on NPRR1092.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None