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| NPRR Number | [1108](http://www.ercot.com/mktrules/issues/NPRR1108) | NPRR Title | ERCOT Shall Approve or Deny All Resource Outage Requests |
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| Date | | March 22, 2022 | |
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| Submitter’s Information | | | |
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| Market Segment | | Independent Generator | |

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| Comments |

Luminant Generation Company LLC understands the desire of ERCOT and the Public Utility Commission to move forward with Nodal Protocol Revision Request (NPRR) 1108. However, as ERCOT only posted the methodology and limits on March 7th, stakeholders are only just now able to evaluate and ascertain its impacts. Luminant has identified a number of changes needed and additional questions that need to be answered. Luminant acknowledges that some of these questions may fall outside of ERCOT’s jurisdiction and need to be addressed by the Commission.

At a more fundamental level, however, Luminant is concerned with the potential for long-term incentive problems with the approach laid out in NPRR1108 and already being implemented under Operations Market Notice M-B031622-01, which could easily have a negative impact on Resource adequacy without some reasonable accommodations. ERCOT’s proposed firm limits on Outages effectively holds dispatchable Resources’ maintenance needs hostage to the whims of wind, sun, and Load forecasts. This dynamic will only get worse over time, as the more Intermittent Renewable Resources (IRRs) there are, the more dispatchable capacity will get squeezed to complete Outages in smaller windows and with less flexibility. These smaller Planned Outage windows, limited by a “top-down” analysis that does not take into account thermal Resources’ maintenance needs and logistical risks, will likely result in additional Forced and Maintenance Outages by restricting their ability to efficiently complete Planned Outages. Hard restrictions on Outages will make it more difficult to move Outages in response to near-term weather events or logistical hurdles, strongly incentivizing generators to stick firmly to their approved Outage schedule (if they can) or risk losing the ability to complete the Outage before the Outage window closes. This dynamic will only feed into ERCOT’s formula to further restrict the MDRPOC calculation through the increased Forced Outages (in addition to the IRR and Load forecast dynamics).

Luminant is concerned that ERCOT’s proposal will drive more uncertainty into operations and have the opposite effect that the Legislature had hoped for, and wants to explore options with ERCOT, the Commission, and other stakeholders to provide ERCOT with its statutorily required Outage controls while avoiding (or at least minimizing) negative unintended consequences. At a minimum, ERCOT should reconcile the proposed “top-down” approach currently embedded in NPRR1108 with a “bottoms-up” needs assessment to ensure that the entire ERCOT fleet is able to complete OEM-recommended maintenance across an Outage season, taking into account the need for some headroom to exist so that resources can adjust Outage schedules without fear of losing Planned Outages altogether (which may be supplemented with other reasonable accommodations that could also help alleviate Outage frictions, such as trading similar approved Outages within a fleet). Given that the Spring Outage season is already well underway and ERCOT already starting to implement some of the underlying policies, Luminant believes there is sufficient time to discuss and address these issues without unduly delaying the effectiveness of the policy change.

In order to allow Market Participants the maximum amount of time to work through these questions and needed changes, Luminant has drafted these comments as an outline while next steps are determined. Luminant looks forward to the discussion at the March 25th Wholesale Market Working Group (WMWG) meeting on these and other concerns.

Changes needed to be included in the NPRR:

* The specific MDRPOC calculations need to be documented in the Protocols or in an Other Binding Document.
* To ensure all Market Participants are aware of changes, fixed MDRPOC input values and indexed MDRPOC input sources need to be reviewed and approved by TAC at least annually.
* An Outage allowance based on general forecasts needs to utilize in the calculation. ERCOT’s proposed use of Load, wind, and solar forecasts many months into the future is an extreme form of false precision. Even a Load forecast one year out cannot with any reasonable certainty identify expectations on a daily basis, which MDRPOC contemplates. Forecasts vary from actual experience both to near-term trends, like a weather event, as well as to exogenous shocks. ERCOT could not have forecasted Winter Storm Uri a year in advance, nor the global shut down due to Covid-19 in 2020. Providing some amount of slack in the calculation could help to account for the need to move and reoptimize Outages in response to unpredicted events.
* Outage allowances must reflect the blocky nature of Resource Outages.
* There needs to be an automatic approval if the Outage is more than 45 days out and it is under the aggregate limits. Outage planning is a very complex endeavor, with the potential need to schedule multiple vendors.
* The Outage availability needs to be updated and published to the market each hour.
* Language is needed to guarantee that outages moved due to an Outage Schedule Adjustment (OSA) can be taken immediately after the event or at the Resource owner’s discretion even if they violate the limits. Resource owners must not be forced to limp into a peak season after all Market Participants benefited from the delay of their Outage.
* Nuclear units need to be exempt from this requirement.
* The ability to allow Resources to transfer approved Outages within its fleet as long as it stays under the agreed limits.
* The long-term MDRPOC needs to be at least consistent with the Report on Capacity, Demand and Reserves in the ERCOT Region (“CDR”) for new capacity additions.

Changes needed to the ERCOT System:

* The Outage Scheduler Resources use needs a complete overhaul before this can take effect. Luminant has stated this is also an issue with NPRR1084, Improvements to Reporting of Resource Outages and Derates. An updated system with the ability to update, shorten, lengthen, and move outages has been needed and this proposal is not possible without it.

Open Questions that need to be addressed:

* Will there be rules to prevent or enforce against potential abuse of the Outage limits?
* Should criteria be established for evaluating potential hoarding of Outage availabilities?
  + For example, there should be an allowance for intentionally booking some flexible Outage time on top of the minimum required time, but should there be limits?
* Will there be additional requirements to prove a Maintenance Outage?
* Will the Independent Market Monitor (IMM) be tasked with investigating Outage hoarding or abuse?
* Does PUC enforcement have access and the tools they need to prosecute if criteria for Outage hoarding abuse is created?
* As Resource owners were previously allowed to determine the most economically efficient Outage time, will they now receive compensation for being forced into a less economically efficient system?
* Will Transmission and/or Distribution Service Providers (TDSPs) be required to plan outages in accordance with Resource Outages? ERCOT’s Outage allowances do not cover TDSP outages that may restrict the available capacity of a dispatchable Resource.
* Will ERCOT create a “bottoms-up” outage model to confirm that the entire ERCOT fleet is able to complete OEM-recommended maintenance across an Outage season? Also, there is a need to allow for some headroom for friction of moving schedules around and determine a “minimum fleet outage MW-hours” constraint to ensure that MDRPOC never drops below the level needed to sustain the fleet’s minimum maintenance needs.
* Should ERCOT develop “confidence bands” around the forecasted inputs, so that MDRPOC is not a bright line binary choice between accept and reject, but has some degree of flexibility for ERCOT to work within?
* Should there be an intermediate MDRPOC calculation that covers a period between seven days out and 45-90 days out? Luminant is concerned that the MDRPOC for 8 days in the future has the same methodology as the MDRPOC for five years into the future.
* How are IRR and Private Use Network (PUN) Outages treated? ERCOT’s methodology appears to not take their Outages directly into account when calculating MDRPOC.
* How are Energy Storage Resources (ESRs) counted towards MDRPOC?
* How are Distribution Generation Resources (DGRs) counted towards MDRPOC?

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None