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| NPRR Number | [1108](https://www.ercot.com/mktrules/issues/NPRR1108) | NPRR Title | ERCOT Shall Approve or Deny All Resource Planned Outage Requests |
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| Date | | April 20, 2022 | |
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| Submitter’s Information | | | |
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| Market Segment | | Not applicable | |

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| Comments |

Pursuant to Section 8.1 of the ERCOT Board Policies & Procedures, ERCOT respectfully requests that the Board of Directors (1) reject the Technical Advisory Committee (TAC) recommendation on Nodal Protocol Revision Request (NPRR) 1108, and (2) recommend approval of the 4/18/22 TAC Report for NPRR1108 as amended by the 4/20/22 ERCOT comments. ERCOT greatly appreciates the input of stakeholders on this NPRR, which has helped to improve the concept in a number of material respects. However, ERCOT has serious concerns that several of the recommendations proposed by TAC would inhibit ERCOT’s ability to ensure system reliability, contrary to ERCOT’s legislative directive recently passed by the 87th Texas Legislature under Senate Bill (SB) 3.

**Background**

ERCOT proposed NPRR1108 in November 2021 to implement SB 3’s revisions to Texas Utilities Code § 35.0021(f). That provision requires ERCOT to “review, coordinate, and approve or deny requests by providers of electric generation service . . . for a planned power outage during any season and for any period of time.” The Legislature’s implicit purpose in requiring ERCOT to “review, coordinate, and approve or deny” generator outage requests is to ensure that these outages are scheduled in a way that minimizes the impact of outages on system reliability. Under the ERCOT market design, generators have a natural incentive to schedule Planned Outages—outages taken for general maintenance purposes—when prices are expected to be lowest, so as to minimize lost revenue. This can often lead to generators seeking to schedule their outages for the same few weeks in the spring and fall. However, if too many generators schedule their outages at the same time—as occurred on three separate occasions this past fall—the system will not have sufficient generating capacity to serve load. To ensure that Planned Outages of generators do not create unnecessary risks to system reliability, ERCOT must have authority to coordinate outages to ensure that sufficient capacity is available at any given time.

Historically, ERCOT Protocols have required ERCOT to automatically “accept” all generator outage requests submitted more than 45 days in advance. However, given ERCOT’s implicit statutory mandate to consider the system reliability impacts of all generator outage requests, NPRR1108 would authorize ERCOT to reject a proposed outage—regardless of how far in advance it is submitted—if ERCOT’s calculations indicate that the outage would cause the amount of available system capacity at any point during the proposed outage to fall below a level that would create a risk to system reliability. This predetermined level—called the Maximum Daily Resource Planned Outage Capacity (MDRPOC)—would be calculated for each day of the next five years and posted publicly so that generators can monitor the amount of remaining outage capacity for any given day in the future and schedule their outages within those limits.

The MDRPOC calculation would be based on a number of factors, including the forecasted load, the expected amount of unplanned outages of thermal generators, the expected amount of wind and solar generation, and ancillary service requirements for each day. The MDRPOC would provide greater Planned Outage availability during the peak fall and spring seasons but would restrict Planned Outages during the winter and summer, when demand is highest. As reflected in the 4/17/22 ERCOT comments, the methodology used to calculate the MDRPOC would allow every generator to take the Planned Outages it needs to ensure proper generator maintenance. The net effect of ERCOT’s methodology is that, in some limited cases, it would require generators to schedule those outages a few weeks earlier in the spring, or later in the fall, than the generator might otherwise prefer. ERCOT believes this sort of methodology is exactly what the Legislature had in mind when it required ERCOT to “review, coordinate, and approve or deny” planned generator outages.

**Concerns with the TAC Recommendation in the 4/18/22 TAC Report**

The TAC recommendation in the 4/18/22 TAC Report imposes a number of obstacles that impair ERCOT’s ability to reliably coordinate Planned Outages, as required by Utilities Code § 35.0021(f). ERCOT has particular concerns with three of these items, which are addressed below.

1. **Imposition of minimum outage restriction**

As originally proposed by ERCOT, NPRR1108 would impose only a maximum daily level of generator outages—the MDRPOC. The public posting of this value would allow generators to schedule their outages in a way that best aligns with system reliability. However, as recommended for approval by TAC, NPRR1108 would establish a guaranteed minimum level of generator outages permitted on any given day. The sole effect of such a minimum would be to ensure that the maximum amount of allowed outages always exceeds a certain predetermined level. The minimum value would vary by season, but would not be subject to change based on ERCOT’s forecast of system conditions.

ERCOT’s primary concern with this proposal is that, in any case where the minimum guaranteed value would exceed the acceptable maximum level of generator outages calculated by ERCOT, the scheduling of any outages above the maximum acceptable level of generator outages would, by definition, create a reliability risk—a risk that could have been entirely avoided by simply scheduling the outage for a different time, as would be required under ERCOT’s proposal. For example, the 4/18/22 TAC Report proposes a floor of 7,500 MW for the period of October 1 through October 14 every year. By contrast, ERCOT’s calculations for 2022 show that the maximum allowable amount of outages for the first ten days during this period should be limited well below 7,500 MW, given the higher risk of warmer weather earlier in October. For example, ERCOT’s current calculations show that, on October 1, 2022, the total amount of generator outages should not exceed 4,436 MW. TAC’s version would force ERCOT to accept approximately 70% more outages on October 1 than it currently believes it can reliably accommodate.

ERCOT notes that, if expected operating conditions become more favorable as it approaches each Operating Day, additional outage capacity would be made available. But ERCOT should not be required to assume that conditions will always be favorable enough to allow some predetermined minimum level of outages, as this would ignore the use of forecasted conditions in determining the maximum value of acceptable outages used by ERCOT.

While some stakeholders have opined that the Advance Action Notice (AAN)/Outage Schedule Adjustment (OSA) process is sufficient to address these concerns, ERCOT disagrees. Under this process, ERCOT may issue an AAN whenever it forecasts an inability to meet reliability criteria in the next seven days and a rescheduling of one or more generator outages would resolve the issue. The AAN thus provides generators an opportunity to voluntarily move outages to another window that does not create a reliability problem. If not enough generators move their outages to address the forecasted shortfall, ERCOT may issue an OSA, which requires a generator to cancel its outage and make itself available to ERCOT for dispatch. However, the Protocols allow generators to opt out of being considered for an OSA based on “Resource reliability, compliance with contractual warranty obligations, or other reasons beyond the QSE’s control.” ERCOT Protocols § 3.1.6.9(3)(c). Moreover, if a generator’s maintenance activities have already begun an outage by the time the AAN or OSA evaluation has begun (and the evaluation is limited by the Protocols to consider conditions only over the next seven days), the generator may already have been partially dismantled, making an OSA impossible. Consequently, the AAN/OSA process is not sufficient to avoid reliability concerns attributable to Planned Outages. Greater coordination beyond the seven-day window of the AAN/OSA process is necessary.

Given that the 4/18/22 TAC Report exposes ERCOT to the risk of having insufficient capacity on certain days, ERCOT urges the Board to remove the language imposing the guaranteed minimum level of outages, as reflected in the revisions to paragraph (1)(e) and (2) of Section 3.1.6.13 in the 4/20/22 ERCOT comments.

1. **Requirement for TAC approval of ERCOT’s methodology**

ERCOT is also concerned with language in the 4/18/22 TAC Report that requires ERCOT to obtain TAC approval of the methodology it will use to calculate the MDRPOC value within the parameters identified by the ERCOT Protocols. As noted above, this methodology document will provide specific details about the calculation of the daily MDRPOC values based on the various factors relevant to the two different time horizons (beyond seven days and within seven days).

ERCOT believes this methodology should ultimately be controlled by the independent system operator, which is responsible for maintaining the reliability of the Texas power grid. As the Board knows, under Texas Utilities Code § 39.151(a)(2), ERCOT performs the function of “ensur[ing] the reliability and adequacy of the regional electrical network.” The directive in SB 3 goes directly to this core function. Thus, ERCOT must control the methodology, and not the stakeholders.

However, to ensure greater oversight of ERCOT’s methodology, ERCOT now proposes that any proposed change to its methodology should be approved by the ERCOT Board. These revisions are reflected in Section 3.1.6.13 in the 4/20/22 ERCOT comments, in place of the proposed language providing for TAC review.

ERCOT agrees that stakeholders should have notice of any proposed change to its methodology and a reasonable opportunity to comment on the change. Stakeholder feedback has been valuable to ERCOT as it has refined the methodology through the NPRR process. In fact, the 4/12/22 ERCOT comments had included a process to solicit stakeholder feedback on changes to the methodology. This language was removed in the 4/18/22 TAC Report. In light of ERCOT’s proposal for Board review, ERCOT proposes to include language that would give stakeholders at least 14 days to provide comments on any change, except where an actual or anticipated Emergency Condition would require the methodology to be approved by the Board sooner.

1. **Right to reschedule generator outages due to an Advance Action Notice or Outage Schedule Adjustment**

As noted above, if ERCOT identifies a shortage of capacity, ERCOT may issue an AAN or an OSA in an effort to reschedule outages so that additional generation capacity will be available. As proposed in the 4/18/22 TAC Report, if a generator moves its outage in response to an AAN or OSA, the generator would have an absolute right to move the outage to any other period preferred by the generator, regardless of the reliability impact to the system. ERCOT’s concern with this language is that the alternative outage date selected by the generator could be just as bad or worse in terms of available capacity. The preferable alternative is simply to allow ERCOT discretion to approve the alternative proposed outage date, which avoids the possibility of exacerbating a reliability concern.

ERCOT will reasonably apply its discretion. As the independent system operator charged with ensuring the reliability of the Texas power grid, ERCOT understands that ensuring reliability over the long term requires generators to take Planned Outages to conduct maintenance in preparation for peak load seasons. But those outages must be scheduled at a time that can reasonably be accommodated based on the amount of remaining generation on the system. If outages must be rescheduled due to an AAN or OSA, ERCOT should have the discretion to consider whether the rescheduled date may cause or worsen a reliability concern. ERCOT’s methodology will ensure that near-term reliability can be managed while allowing generators to conduct the maintenance they need over the longer term.

The revisions to paragraph (4) of Section 3.1.6.9 in the 4/20/22 ERCOT comments reflect these changes.

**Other Recommended Changes**

ERCOT’s comments also introduce the following revisions that ERCOT believes are consistent with the intent of the TAC recommendation in the 4/18/22 TAC Report:

* Revise the language in paragraph (1) of Section 3.1.6 regarding the exemption of Qualifying Facilities (QF) from obtaining ERCOT approval of Planned and Maintenance Outages to require the QF’s Outage plan to state that (1) the facility is a QF and (2) the Outage is necessitated by the operational needs of the QF’s thermal host facility. This is necessary to ensure ERCOT is aware the facility is a QF and that the preferential treatment in coordinating QF outages is appropriately limited to situations that are narrowly tailored to circumstances involving the thermal host in a QF. ERCOT has relocated this language to a new paragraph (7) for ease of reference in other Protocol sections. ERCOT understands that TIEC is agreeable to narrowing the QF exemption approved by TAC to include only those outages that are driven by the thermal host’s operational needs.
* Relocate the language exempting QFs from OSAs from paragraph (3)(b) of Section 3.1.6.9 to paragraph (3)(c) of the same section and align the language with revised Section 3.1.6 to require the exemption to be based on the operational needs of the QF’s thermal host facility.
* Relocate the exemption for nuclear-powered Generation Resources from paragraph (1) of Section 3.1.6 to paragraph (6) of the same section, keeping the language as reflected in the 4/18/22 TAC Report.

ERCOT appreciates the Board’s consideration of these comments. In the interests of preserving ERCOT’s ability to ensure system reliability for the Texas power grid, ERCOT urges the Board to adopt the revisions reflected in the 4/20/22 ERCOT comments.