

TAC Advocate Position Statement

NPRR Number	1108	NPRR Title	ERCOT Shall Approve or Deny All Resource Outage Requests
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Date	April 21, 2022
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Comments

Executive Summary

- Nodal Protocol Revision Request (NPRR) 1108 comments approved by TAC on 4/18/22 are consistent with requirements in Senate Bill 3 for ERCOT to “review, coordinate, and approve or deny requests” by Resource owners for Planned Outages.
- The TAC-approved comments establish a reasonable method to schedule and coordinate Planned Outages for necessary maintenance of the ERCOT fleet. A minimum amount of available Outage capacity is essential for planning and coordination of maintenance and repair activity to ensure safe operations and long term reliability.
- TAC-approved comments continue to provide ERCOT with valuable tools to mitigate any unexpected capacity constraint through Advance Action Notices (AANs) and Outage Schedule Adjustments (OSAs).
- TAC-approved comments include a change control process to allow for enhanced input from ERCOT and stakeholders for any future business practice revisions.
- TAC unanimously approved the “Joint Commenters 1” comments with two abstentions. These comments used the 4/12/22 ERCOT comments as its foundation.

Position Statement

ERCOT stakeholders have consistently expressed concern with the ERCOT’s proposed methodology in NPRR1108, which utilizes conservative assumptions to limit Resource Planned Outages. Stakeholders have provided constructive feedback to ERCOT

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throughout the process of reviewing NPPRR1108 and were able to overwhelmingly support a set of Joint Comments on April 18, 2022. TAC respectfully requests that the ERCOT Board consider the strong technical and practical basis for the unanimous TAC-endorsed version of NPPRR1108 and reject ERCOT's Opposition Position in favor of approving the TAC-endorsed version of NPPRR1108.

Senate Bill 3 creates a requirement for ERCOT to "review, coordinate, and approve or deny requests" by Resource owners for Planned Outages, but it provides no requirements or guidance on how to do so. Planned Outages are a necessary and routine process of operating Resources, ensuring warranties are able to continue, and maintaining the extensive capital investment made in the ERCOT grid. For Resource owners, the process to schedule and conduct Planned Outages is complex, costly, and critically linked to the future availability of Resources, particularly thermal Resources. Limiting or inhibiting the ability to take Resource Planned Outages must be carefully considered to eliminate or reduce unintended consequences that will inevitably reduce system reliability, not enhance it.

Sufficient availability of Planned Outage windows considering increased demand on the thermal Resource fleet, ability for ERCOT to deny Outages when realistic risks are identified, flexibility for Resource owners to adjust Outage schedules, and transparency of the process are all features of the TAC-approved NPPRR1108 comments.

Use of A Maximum Daily Resource Planned Outage Capacity Value With a Floor Addresses Safety and Long Term Reliability Concerns

- ERCOT's proposed Maximum Daily Resource Planned Outage Capacity ("MDRPOC") results in reduced Outage capacity over time. This top-down approach of ERCOT's desired outage limits does not consider the minimum needs of the thermal Resource fleet and leads to overall decreased reliability of the ERCOT system if those Resources cannot obtain the Outage time necessary to complete needed maintenance. The proposed floor values are meant to provide a bare minimum allowance to ensure safety and reliability.
- The ERCOT fleet of dispatchable, thermal Resources is aging and requires predictable and sufficient Outage windows in the spring and fall to conduct the work necessary to improve or maintain availability of these Resources during the high Load periods in the summer and winter. ERCOT's conservative operations, which includes increased procurement of Ancillary Services and frequent use of Reliability Unit Commitment (RUC), increases the run time, utilization, and wear and tear of these Resources. Additional run hours can trigger Original Equipment Manufacturer (OEM) work under maintenance service agreements and warranties. The result is a need for more Planned Outages of thermal Resources, not less. ERCOT's proposed methodology in NPPRR1108 will allocate fewer available Outage hours as these Resources continue to age, and this declining Outage

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availability is identified by the ERCOT published data. These resources must be able to plan Outages to conduct essential maintenance.

- As ERCOT rations Outage time in the traditional period of Spring and Fall, and as supported by the ERCOT published data, it becomes conceivable that not all Outages will be allowed in those times. It therefore becomes imperative that some degree of Outages be allowed in the non-traditional Outage times of Summer and Winter. The floor recognizes this paradigm shift and provisions for some amount of Planned Outage capacity during those non-traditional Outage months.
- Additionally, enhanced weatherization requirements further support the need for more Outage availability given the potential need to install upgraded heat tracing systems or other equipment to ensure compliance. The Commission will also be instituting year-round weatherization requirements that are not yet known and accordingly, it is not known the extent of the outages that will be required to comply with this new rule.

The Advance Action Notice and Outage Scheduling Adjustment are Valuable Reliability Tools Available To ERCOT to Resolve Capacity Constraints

- Advance Action Notices (AAN) identify a possible future Emergency Condition and describes future action ERCOT expects to take to address that condition unless the need for ERCOT action is alleviated by Qualified Scheduling Entity (QSE) and/or Transmission Service Provider (TSP) actions or by other system developments. Many times in response to an AAN Resource owners will update their Commercial Operations Plans or shift planned outages to ensure available capacity.
- Expectations of market outcomes also cause Resources to voluntarily reschedule planned outages when possible. Restricted outage capacity may have unintended consequences on QSEs desire to voluntarily move an outage.
- Outage Schedule Adjustment (OSA) is an existing process that allows ERCOT to delay or to cancel and reschedule a Resource's Planned Outage that has already been accepted or approved by ERCOT. This process provides ERCOT with final authority to ensure capacity is available.
- The AAN process has proven to be successful in the fall of 2021 and spring of 2022 in obtaining the capacity that ERCOT believes it needs to avert an Emergency Condition. To date, none of the time periods identified by ERCOT through the AAN process have resulted in an Emergency Condition, and in most instances Resource owners moved their Outages voluntarily without ERCOT making Outage Schedule Adjustments. Fears of it not working are unfounded

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Stakeholder Feedback Results in a Better Product

- The change process proposed by the comments is meant to provide flexibility but also utilize standardized procedures. It provides greater consistency for Resources, a clearly defined revision and appeals channel through documented ERCOT processes that can ultimately be appealed to the Board if necessary.
- While stakeholders agree that ERCOT is required under Senate Bill 3 to approve Outages, ERCOT has limited experience with Resource Outage planning and scheduling and should value and want strong stakeholder involvement in the development of the process. As the landscape changes in Outage scheduling due to vendor availability, supply chain limitations, regulatory requirements outside of ERCOT's realm, and/or technical advancements, even the most recent ERCOT employee's expertise becomes more distant from those challenges over time and it is imperative that stakeholders have an opportunity to improve and influence the inputs to the Outage rationing process.
- ERCOT proposes Board Approval rather than TAC approval in its April 20, 2022 comments to the NPRR. Should the Board opt to consider the process to be an item that it wants to directly approve, stakeholders strongly believe that there should be a TAC endorsement that is provided to the Board such that the Board has all the information in front of it to make a fully informed decision. It is unclear in the April 20, 2022 ERCOT described feedback process whether the input solicited from stakeholders over a 14-day period will be made publicly available or otherwise presented to the Board to allow for a fully transparent and informed process and therefore the expertise that resides with stakeholders should be a data point that ERCOT and the Board should welcome as the Board makes its decision.

Manufacturing Cogeneration Exemption Language Proposed by ERCOT Comments is Too Limiting

- The ERCOT comments propose using the QF definition in protocols for the exemption applicable to cogeneration facilities. Not all cogeneration facilities that rely on manufacturing facility steam hosts fit this definition. The TAC endorsed definition for an exemption of a Generation Resource that is a qualifying cogeneration facility as defined in 16 U.S.C.A. § 796(18)(A) or (B) is preferred for consistency with compliance with Public Utility Regulatory Act (PURA) 39.151(I)

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which recognizes that Outages of cogeneration facilities are dictated by the operating needs of their steam host(s), which are manufacturing facilities.

For the reasons stated above TAC respectfully requests Board approval of the 4/18/22 TAC-endorsed version of NPRR1108.