|  |  |
| --- | --- |
|  |  |
|  | http://ep.ercot.com/CorpComm/Logos/No%20Tagline/6x3%20Full%20Color_NoTagline.png |
| Firm Fuel Supply Service Request for Proposals |
|  |  |
| Abstract | Request for Proposals for Firm Fuel Supply Service for the Contract Term of November 15, 2022, through March 15, 2023 |
| Date of RFP Issue | On or before August 1, 2022 |
|  |  |
| Offer Submission Due Date (email to FFSS@ercot.com) | September 1, 2022 |
| Reason for Issue | Procurement of Firm Fuel Supply Service |
| Scheduled Award Date | September 30, 2022 |
| RFP Contact | Mark Patterson, ERCOT mpatterson@ercot.com  |

1. BACKGROUND

1.1. Applicable Documents

* PURA § 39.159(b) and (c)(2);
* Public Utility Commission of Texas (PUC) Project No. 52373, *Review of Wholesale Market Design,* [Approval of Blueprint for Wholesale Electric Market Design and Directives to ERCOT](https://interchange.puc.texas.gov/Documents/52373_336_1180125.PDF) (Jan. 13, 2022, Interchange Item No. 336);[[1]](#footnote-1) and
* [ERCOT Protocols](http://www.ercot.com/mktrules/nprotocols/current) Sections 1, 2, 3, 4, 6, 8, 9, 25 (See [NPRR1120, Create Firm Fuel Supply Service](https://www.ercot.com/files/docs/2022/03/31/1120NPRR-22%20PUCT%20Report%20033122.docx), for relevant provisions).

1.2. Background and Introduction

Electric Reliability Council of Texas, Inc. (“ERCOT”) will procure Firm Fuel Supply Service Resources (FFSSRs) to provide Firm Fuel Supply Service (FFSS) for the purpose of maintaining Resource availability in the event of a natural gas curtailment or other fuel supply disruption. Providers of this service must meet all applicable requirements specified in Protocol Section 8.1.1.2.1.7, Firm Fuel Supply Service Resource Qualification, Testing and Decertification and this Request for Proposals (RFP).

This service is developed consistent with directives from the Legislature (*see* Section 18 of [Senate Bill 3, 87(R)](https://capitol.texas.gov/tlodocs/87R/billtext/pdf/SB00003F.pdf#navpanes=0), now codified in PURA § 39.159(b) and (c)(2), requiring ancillary or reliability services to ensure reliability during winter weather conditions) and the PUC (*see, e*.*g*., PUC [Project No. 52373, *Review of Wholesale Market Design,* Approval of Blueprint for Wholesale Electric Market Design and Directives to ERCOT](http://interchange.puc.texas.gov/Documents/52373_336_1180125.PDF), ordering ERCOT to develop a firm-fuel product that provides additional grid reliability and resiliency during winter weather conditions and compensates generation resources that meet a higher resiliency standard).

All capitalized terms used herein that are defined in the ERCOT Protocols or ERCOT Operating Guide shall be understood to have the meaning identified in the ERCOT Protocols or ERCOT Operating Guide.

2. PROPOSAL REQUIREMENTS

2.1. Purpose

The purpose of this RFP is to obtain qualification information and to solicit offers from Qualified Scheduling Entities (QSEs) for Generation Resources to provide FFSS. ERCOT seeks to procure 3,000-4,000 MW of FFSS at a cost not to exceed $54 Million for the obligation period covered by this RFP. ERCOT may procure more or less than this range depending on the specific offers received. This cost cap only applies to the cost of the standby payments.

2.2. Obligation Period, Single Clearing Price, and Service Duration

This RFP seeks offers from QSEs for qualified Generation Resources to provide FFSS for an obligation period starting with Hour Ending 01:00 on November 15, 2022 and ending with the conclusion of Hour Ending 24:00 on March 15, 2023.

During the procurement process covering this RFP, ERCOT will clear offers from QSEs of qualified Generation Resources offered for the obligation period defined above. The result will be a single Standby Price ($/MW) for all FFSS procured for the obligation period.

The service duration for FFSS will be up to 48 hours per deployment. Only bids that include a specified amount of reserve fuel that is sufficient to sustain the operation of the Generation Resource at its offered MW level for 48 hours will be considered. Partial awards will only be made if the partial awarded capacity is above the Generation Resource’s Low Sustainable Limit (LSL) as specified in the offer submission.

2.3. Eligibility

An offer to provide FFSS may be submitted only by the QSE designated by the Resource Entity that owns or controls the Generation Resource offered. Only offers for natural gas Generation Resources with the following reserve fuel capabilities will be considered for the FFSS procurement addressed in this RFP:

1. On-site fuel, or
2. Off-site natural gas storage where the Resource Entity and/or QSE owns and controls the natural gas storage and pipeline to deliver the required amount of reserve natural gas to the Generation Resource from the storage facility.

In the case of Generation Resources with split ownership, offers must be submitted by the QSE for each separate Split Generation Resource (SGR). Additionally, Generation Resources with split ownership will be eligible for awards only if each QSE representing an SGR at the site offers to provide the service at or below the clearing price and each QSE’s offer otherwise qualifies to be awarded. Each QSE is responsible for ensuring compliance with the FFSS requirements.

2.4 QSE Agreement

By submission of a proposal, the QSE agrees that its offer complies with the requirements for providing FFSS stated in the Protocols and in this RFP, and that if selected in this RFP process, the QSE will provide FFSS during the obligation period identified in this RFP and shall comply with, and be bound by, all ERCOT Protocols, ERCOT Operating Guides, ERCOT Other Binding Documents, and the provisions of this RFP as they pertain to the provision of FFSS.

2.5 Operation

A. Firm Fuel Supply Service Resource (FFSSR) Maintenance

Before the start of the obligation period, the Resource Entity shall furnish ERCOT with its proposed schedule for Planned Outages for inspection, repair, maintenance, and overhaul of the FFSSR for the obligation period. The Resource Entity will promptly advise ERCOT of any later changes to the schedule. The Resource Entity shall not schedule or request a Planned Outage that would occur during the period of December 1 through March 1 of the obligation period. Other than the restricted period for Planned Outages, any schedule for Planned Outages of the FFSSR within the obligation period must be approved by ERCOT. Such approval may be withheld if necessary to assure reliability of the ERCOT System. ERCOT will endeavor to accommodate changes to the schedule to the extent that reliability of the ERCOT System is not materially affected by those changes.

C. Delivery

The QSE representing an FFSSR must meet the deployment requirements set forth in the ERCOT Protocols.

D. Environmental Regulations

* The QSE representing an FFSSR must be familiar with any applicable federal, state, or local environmental regulations that apply to any Generation Resource included in any response to this RFP and must assure that the use of that Generation Resource in providing FFSS would not violate those regulations. As part of the offer to provide FFSS, the QSE must identify a specific number of hours of operation that will be reserved for FFSS deployment within all applicable emissions restrictions under applicable environmental regulations (hereinafter referred to as “emissions hours”).
* If the QSE representing an FFSSR provides ERCOT a notice, required under ERCOT Nodal Protocols Section 3.14.5(4)(g), that the QSE anticipates the exhaustion of emissions credits or permit allowances, the QSE must update its Availability Plan to reflect that the FSSR will no longer be available after exhaustion of the emissions credits or allowances. As a result, ERCOT will claw back the Firm Fuel Supply Service Standby Fee, as provided under ERCOT Nodal Protocols Section 8.1.1.2.1.7(5).

2.6 Offer Profile

Information submitted by the QSE must provide sufficient detail to allow ERCOT to assess the suitability of the QSE and the eligibility of the Generation Resource to provide FFSS. A QSE must submit a separate, Resource-specific offer for each Generation Resource to provide FFSS using the FFSS Offer Submission Form posted on the ERCOT website. An offer must comply with the following requirements:

* The FFSS Standby price must be stated in U.S. dollars per MW for the capacity offered to provide FFSS. Operation at the offered MW level must be sustainable for a 48-hour duration.
* The QSE, by offering FFSS MW for a duration of 48 hours, is offering reserve fuel for the offered Generation Resource to run for 48 hours at the offered MW.
* Any FFSS offers above $18,000 per MW will not be considered in the auction.
* The offered Generation Resource must have and maintain sufficient:
	+ emission credits or allowances for at least two 48-hour deployments at any level of output up to the offered MW and
	+ reserve fuel to deliver the offered MW for at least one 48-hour deployment.
* In the case of the reserve fuel being stored in an off-site natural gas storage facility, the Resource Entity must own and control the natural gas-storage facility and any equipment, including but not limited to pipelines, necessary to transport the natural gas from the storage facility to the Generation Resource. The off-site storage and the associated infrastructure to transport natural gas to the FFSSR must be a critical natural gas facility, as defined in PUC Substantive Rule 25.52(c)(2).[[2]](#footnote-2)
* In the case of the reserve fuel being fuel oil, the QSE is responsible to ensure that the reserve fuel oil is treated, filtered, or otherwise preserved to maintain its quality and usefulness over the duration of the obligation period.
* The QSE must acknowledge that the Generation Resource has, or will obtain, both the authority and emission credits or allowances to operate at the offered capacity for a duration of at least 96 hours to meet its obligation to provide FFSS.
* Any Generation Resource offered to provide FFSS must have a startup time of not greater than 6 hours with the reserve fuel and must be capable of providing the full amount of offered MW within 6 hours of receiving a Verbal Dispatch Instruction (VDI) from ERCOT.

QSEs must reserve sufficient fuel to ensure they can provide FFSS awarded MW for the entire 48 hours service duration including any fuel necessary for preparation, transitioning and start-up of the FFSSR, and to meet testing requirements.

2.7 Offer and Pricing Information

A QSE must use the FFSS Offer Submission Form found at XXX.ercot.com to provide all offer information to ERCOT. The QSE must complete both the identification and offer tabs on the form as a condition for ERCOT’s consideration of the offer. An offer may not be withdrawn once submitted. An offer is binding upon the QSE if ERCOT notifies the QSE that it has been awarded an FFSS obligation.

2.8 Notification of Awards

ERCOT will post the awards to the MIS Certified Area for each QSE that is awarded an FFSS obligation. In addition, ERCOT will post a notification to the MIS Certified Area for those offers not awarded.

2.9 Confidentiality

The identity of offered Resources and the price and quantity offered for each Resource will be considered confidential until ERCOT has notified all awarded QSEs of FFSS awards. After that notification, the identity of offered Resources and the prices and quantities offered will be considered public information and will be subject to disclosure. Other offer submission information may be considered Resource-specific cost, design, and engineering data that is subject to protection from disclosure under Protocols Section 1.3.1.1(1)(m). In that case, the information will not be released without prior authorization of the QSE, except where the Protocols or other laws may require disclosure of some or all such information.

2.10 Submission Instructions

The FFSS Offer Submission Form must be submitted via email to ERCOT at FFSS@ercot.com. The deadline for responses under this RFP is September 1, 2022, by 4:00 p.m. Central Daylight Time (CDT). Any responses received after this date and time will not be considered.

2.11 Acknowledgement of Receipt

ERCOT will send an acknowledgement of receipt to each QSE. Please contact the ERCOT Firm Fuel Supply Team at FFSS@ercot.com if you submitted an offer but have not received an acknowledgement within 2 business days of submission. Any QSE that did not receive an acknowledgment of its offer and does not request confirmation of receipt of its offer within 3 business days of the deadline for offer submission waives any such offer.

2.12 Inquiries and Inquiry Responses

Any questions concerning this RFP can be made via email to FFSS@ercot.com. Questions should reference the document, page, section, and paragraph to which the question refers. If any questions require clarification to the RFP ERCOT’s responses will be provided to all market participants via the WMS exploder list.

2.13 Disclaimer

No oral or written statement made by any ERCOT employee or agent shall be considered binding with respect to this RFP unless the statement is confirmed in writing and identified as a written addendum to this RFP.

**Appendix A: Bid Evaluation Criteria**

1. Any proposals for FFSS in which the offered Generation Resource does not meet the minimum requirements of an FFSSR outlined in the ERCOT Protocols, Operating Guides, and this document will be excluded and not evaluated. Additionally, any proposals with an offer price that exceeds $18,000 per MW will be excluded and not evaluated.
2. The proposals for FFSS in which the offered Resource meets the minimum requirements of an FFSSR will be evaluated based on, at a minimum, the following criteria:
* Standby Price for FFSS for the obligation period.
* Amount of capacity offered.
* Reserve fuel type.
* Fuel Storage capability sufficient for FFSSR to operate at its awarded MW value for at least 48 hours.

1. Available on the PUC website at <http://interchange.puc.texas.gov/Documents/52373_336_1180125.PDF>. [↑](#footnote-ref-1)
2. 16 Tex. Admin. Code § 25.52(c)(2). [↑](#footnote-ref-2)