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September 27, 2022

Public Utility Commission of Texas
Chairman Peter Lake
Commissioner Will McAdams
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson
1701 N. Congress Ave.
Austin, TX 78711

Re: PUC Project No. 52373, *Review of Wholesale Electric Market Design*; and PUC Project No. 53298, *Wholesale Electric Market Design Implementation*

Dear Chairman and Commissioners:

Consistent with prior Public Utility Commission of Texas (Commission) direction and the Electric Reliability Council of Texas, Inc. (ERCOT) Protocols, ERCOT is pleased to report the first procurement of the new reliability product, Firm Fuel Supply Service (FFSS). The Commission directed ERCOT to develop and procure this product as part of the Commission's Phase I Market Design efforts and in response to Texas Senate Bill 3.

On June 30, 2022, ERCOT issued a Request for Proposals (RFP) to provide FFSS during the November 15, 2022 through March 15, 2023 obligation period. Proposals were due by September 1, 2022.

ERCOT received proposals from 5 different Qualified Scheduling Entities (QSEs), offering 19 Generation Resources to act as FFSS Resources during the obligation period. ERCOT confirmed that the offered Generation Resources qualified to provide FFSS and determined that the offered Generation Resources could be procured within the budget cap established by the Commission.

The following are the FFSS procurement results for the November 15, 2022 through March 15, 2023 obligation period:

- All 19 Generation Resources were awarded at a clearing price of \$6.19/MW/hr (\$18,000/MW);
- 18 of the 19 Generation Resources offered fuel oil as the reserve fuel type;
- 1 Generation Resource offered natural gas storage;
- A total of 2940.5 MW of FFSS capacity was procured; and
- The total cost of procurement was \$52,857,722.28.

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ERCOT will present information regarding this procurement at the September 28, 2022 Technical Advisory Committee (TAC) meeting. Additionally, ERCOT thanks the Commission for its leadership regarding this new reliability product and stands ready to answer any questions.

Regards,

s/ Kenan Ögelman

Kenan Ögelman

Vice President, Commercial Operations

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