|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1162](https://www.ercot.com/mktrules/issues/NPRR1162) | NPRR Title | Single Agent Designation for a QSE and its Sub-QSEs for Voice Communications over the ERCOT WAN  |
| Date Posted | February 10, 2023 |
|  |  |
| Requested Resolution  | Normal |
| Nodal Protocol Sections Requiring Revision  | 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity23, Form F, Qualified Scheduling Entity (QSE) Agency Agreement |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This Nodal Protocol Revision Request (NPRR) amends Section 16.2.1 to require each Qualified Scheduling Entity (QSE) and its Subordinate QSEs to have only one primary and one alternate voice circuit for the purpose of operational voice communications with ERCOT over the ERCOT Wide Area Network (WAN), including, without limitation, receiving and discussing Dispatch Instructions, and amends Section 23, Form F, to reflect the changes made in Section 16.2.1. |
| Reason for Revision |  Addresses current operational issues. Meets Strategic goals (tied to the [ERCOT Strategic Plan](https://www.ercot.com/files/docs/2018/12/13/ERCOT_Strategic_Plan_2019-2023.pdf) or directed by the ERCOT Board). Market efficiencies or enhancements Administrative Regulatory requirements Other: (explain)*(please select all that apply)* |
| Business Case | This NPRR improves voice communications between QSEs, Sub-QSEs, and ERCOT over the ERCOT WAN by reducing uncertainty over which QSE represents its Sub-QSEs for purposes of voice communications with ERCOT. This change is especially important for streamlining communications over the ERCOT WAN during emergencies.  |

|  |
| --- |
| Sponsor |
| Name | Jason Chambers / Holly Heinrich  |
| E-mail Address | Jason.Chambers@ercot.com / Holly.Heinrich@ercot.com  |
| Company | ERCOT |
| Phone Number | 512-248-4223 / 512-225-7436 |
| Cell Number |  |
| Market Segment | Not applicable |

|  |
| --- |
| **Market Rules Staff Contact** |
| **Name** | Cory Phillips |
| **E-Mail Address** | cory.phillips@ercot.com |
| **Phone Number** | 512-248-6464 |

|  |
| --- |
| **Market Rules Notes** |

Please note that the following NPRR(s) also propose revisions to the following

section(s):

* NPRR1067, Market Entry Qualifications, Continued Participation Requirements, and Credit Risk Assessment
	+ Section 16.2.1
* NPRR1150, Related to NOGRR230, WAN Participant Security
	+ Section 16.2.1

|  |
| --- |
| Proposed Protocol Language Revision |

***16.2.1 Criteria for Qualification as a Qualified Scheduling Entity***

(1) To become and remain a Qualified Scheduling Entity (QSE), an Entity must meet the following requirements:

(a) Submit a properly completed QSE application for qualification, including any applicable fee, necessary disclosures, and designation of Authorized Representatives, each of whom is responsible for administrative communications with the QSE and each of whom has enough authority to commit and bind the QSE and the Entities it represents;

(b) Sign a Standard Form Market Participant Agreement;

(c) Sign any required Agreements relating to use of the ERCOT network, software, and systems;

(d) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of performing the functions of a QSE;

(e) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of complying with the requirements of all ERCOT Protocols and Operating Guides;

(f) Satisfy ERCOT’s creditworthiness and capitalization requirements as set forth in this Section, unless exempted from these requirements by Section 16.17, Exemption for Qualified Scheduling Entities Participating Only in Emergency Response Service;

(g) Be generally able to pay its debts as they come due. ERCOT may request evidence of compliance with this qualification only if ERCOT reasonably believes that a QSE is failing to comply with it;

(h) Provide all necessary bank account information and arrange for Fedwire system transfers for two-way confirmation;

(i) Be financially responsible for payment of Settlement charges for those Entities it represents under these Protocols;

(j) Comply with the backup plan requirements in the Operating Guides;

(k) Maintain a 24-hour, seven-day-per-week scheduling center with qualified personnel for the purposes of communicating with ERCOT relating to Day-Ahead and Operating Day exchange of market and operational obligations in representing Load, Resources, and market positions. Those personnel must be responsible for operational communications and must have sufficient authority to commit and bind the QSE and the Entities that it represents. This requirement applies to QSE Level 2, 3, and 4, as defined in Section 2.1, Definitions;

(l) Maintain a scheduling center for the hours of 0900 to 1700 Central Prevailing Time (CPT) on Business Days with qualified personnel for the purposes of communicating with ERCOT relating to Day-Ahead and Operating Day exchange of market and operational obligations in representing Load, Resources, and market positions. Those personnel must be responsible for operational communications and must have sufficient authority to commit and bind the QSE and the Entities that it represents. This requirement applies to QSE Level 1, as defined in Section 2.1;

(m) Demonstrate and maintain a working functional interface with all required ERCOT computer systems; and

(n) Allow ERCOT, upon reasonable notice, to conduct a site visit to verify information provided by the QSE.

(2) If a QSE chooses to use Electronic Data Interchange (EDI) transactions to receive Settlement Statements and Invoices, it must participate in and successfully complete testing as described in Section 19.8, Retail Market Testing, before starting operations with ERCOT as a QSE.

(3) A QSE or QSE applicant must be able to demonstrate to ERCOT’s reasonable satisfaction that none of its Principals were or are Principals of any Entity with an outstanding payment obligation that remains owing to ERCOT under any Agreement or these Protocols. For purposes of this Section, ERCOT will only consider disqualifying those Principals of the QSE or QSE applicant who were Principals of the other Entity at a time during which the unpaid financial obligation remained owing to ERCOT or during the 120-day period prior to the date on which the unpaid financial obligation first became due and owing to ERCOT.

(4) If any of a QSE’s or QSE applicant’s Principals were or are Principals of a terminated Market Participant with an obligation for Default Uplift Ratio Share allocated under Section 9.19.1, Default Uplift Invoices, the terminated Market Participant must be current on all payment obligations for Default Uplift Invoices in order for the QSE to remain, or QSE applicant to become, a registered QSE. For purposes of this Section, ERCOT will only consider as disqualifying those Principals of the QSE or QSE applicant who were Principals of the other Entity at a time during which the other Entity was not current on its payment obligation for Default Uplift Invoices or 120 days prior to the date the other Entity first failed to pay a Default Uplift Invoice.

(5) A QSE shall promptly notify ERCOT of any change that a reasonable examiner may deem material to the QSE’s ability to continue to meet the requirements set forth in this Section, and any material change in the information provided by the QSE to ERCOT that may adversely affect the reliability or safety of the ERCOT System or the financial security of ERCOT. This includes any changes in the Principals of the QSE. If the QSE fails to so notify ERCOT of such change within two Business Days after becoming aware of the change, then ERCOT may, after providing notice to each Entity represented by the QSE, refuse to allow the QSE to perform as a QSE and take any other action ERCOT deems appropriate, in its sole discretion, to prevent ERCOT or Market Participants from bearing potential or actual risks, financial or otherwise, arising from those changes, and in accordance with these Protocols.

(6) Subject to the following provisions of this paragraph, a QSE may partition itself into any number of subordinate QSEs (“Subordinate QSEs”). If a single Entity requests to partition itself into more than four Subordinate QSEs, ERCOT may implement the request subject to ERCOT’s reasonable determination that the additional requested Subordinate QSEs will not be likely to overburden ERCOT’s staffing or systems. ERCOT shall adopt an implementation plan allowing phased-in registration for these additional Subordinate QSEs in order to mitigate system or staffing impacts. However, ERCOT may not unreasonably delay that registration.

(7) Each Subordinate QSE must be treated as an individual QSE for all purposes except for voice communications with ERCOT, liability, financial security, and financial liability requirements under this Section. That liability, financial security, and financial liability is cumulative for all Subordinate QSEs for the single Entity signing the QSE Agreement. For the purposes of voice communications, each QSE and all of its Subordinate QSEs shall have and share a common primary and a common alternate voice circuit for the purpose of their operational voice communications with ERCOT over the ERCOT Wide Area Network (WAN), including, without limitation, receiving and discussing Dispatch Instructions.

(8) Continued qualification as a QSE is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend a QSE’s rights as a Market Participant when ERCOT reasonably determines that it is an appropriate remedy for the Entity’s failure to satisfy any applicable requirement.

(9) Each QSE, or its designated QSE agent, representing one or more Resources shall be connected to the ERCOT Wide Area Network (WAN) and maintain 24-hour, seven-day-per-week operations and Hotline communications with ERCOT. Each QSE representing one or more Resources shall answer each QSE Hotline call.

**ERCOT Nodal Protocols**

**Section 23**

**Form F: Qualified Scheduling Entity (QSE) Agency Agreement**

**February 1, 2022**

**QUALIFIED SCHEDULING ENTITY (QSE) AGENCY AGREEMENT**

This Qualified Scheduling Entity (QSE) Agency Agreement (“Agreement”) is made this Day of Month day of Month, Year (“Effective Date”) by and between Electric Reliability Council of Texas, Inc. (“ERCOT”), Name of Principal (“Principal”), and Name of Agent (“Agent”).

**WHEREAS,** ERCOT is the Independent Organization certified under Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.151 (Vernon 1998 & Supp. 2007) (PURA) for the ERCOT Region, and

**WHEREAS,** Principal has a valid Standard Form Market Participant Agreement (Section 22, Attachment A) with ERCOT, is registered as a QSE with ERCOT, and has contracted with Agent to provide QSE support services to Principal, and

**WHEREAS,** Agent has a valid Standard Form Market Participant Agreement (Section 22, Attachment A) with ERCOT, is registered as a QSE with ERCOT, and is subject to all ERCOT Protocols as an authorized QSE, and

**WHEREAS,** the three parties to this Agreement desire a clear expression of their rights, obligations, and privileges with respect to their inter-related conduct under the ERCOT Protocols.

**NOW THEREFORE,** the parties do hereby agree as follows:

1. “ERCOT Protocols” shall mean the document adopted by ERCOT, including any attachments or exhibits referenced in that document, as amended from time to time, that contains the scheduling, operating, planning, reliability, and settlement policies, rules, guidelines, procedures, standards, and criteria of ERCOT. Definitions contained in the ERCOT Protocols shall apply to this Agreement.

2. Principal does hereby appoint Agent as its authorized agent for the limited purpose of (select one or more of the following):

[ ]  A. Communicating with and receiving operational voice communications from ERCOT over the ERCOT Wide Area Network (WAN) for the QSE and its sub-QSEs, including, without limitation, receiving and discussing Dispatch Instructions. (Note that a QSE and all of its sub-QSEs may only have one common agent for the purpose of operational voice communications with ERCOT over the ERCOT WAN);

[ ]  B. Exchanging Inter-Control Center Communications Protocol (ICCP) data with ERCOT over the ERCOT WAN for the QSE and/or its sub-QSEs as indicated below:

Name of QSE DUNS Number

Name of Sub-QSE DUNS Number

Name of Sub-QSE DUNS Number

Name of Sub-QSE DUNS Number

Name of Sub-QSE DUNS Number; and/or

[ ]  C. Exchanging Extensible Markup Language (XML) data with ERCOT over the ERCOT WAN for the QSE and/or its sub-QSEs as indicated below:

Name of QSE DUNS Number

Name of Sub-QSE DUNS Number

Name of Sub-QSE DUNS Number

Name of Sub-QSE DUNS Number

Name of Sub-QSE DUNS Number.

3. Agent does hereby accept the appointment as the limited agent for Principal, solely for the purposes described in paragraph 2, above.

4. ERCOT acknowledges the existence of a separate service contract between Principal and Agent, as well as the limited agency appointment contained in this Agreement, which from time to time will result in Agent-to-ERCOT communications on Principal’s behalf.

5. ERCOT grants Principal and Agent the privilege of enjoying such an agency relationship by permitting direct Agent communications to and from ERCOT on Principal’s behalf for the purposes described in paragraph 2, above, without requiring an express authorization from Principal for each such communication.

6. Principal and Agent agree to abide by all ERCOT Protocols, as amended from time to time.

7. Principal and Agent do hereby release ERCOT of any liability for the revealing, transmitting, or publishing to Agent of any sensitive Principal commercial and operational data or Principal’s Protected Information.

8. This Agreement shall terminate no later than Termination Date. Any party to this Agreement may terminate it upon thirty days advance written notice to the other parties. Notice of termination of this Agreement shall be provided to the address listed herein in accordance with the notice provisions contained in the parties’ respective Standard Form Market Participant Agreements.

Executed and agreed as of the Effective Date by the below named authorized signatories:

|  |  |  |
| --- | --- | --- |
| Principal:Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Printed Name: NamePosition/Title: TitleDate: DateAddress:AddressCity, State, Zip | Agent:Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Printed Name: NamePosition/Title: TitleDate: DateAddress:AddressCity, State, Zip | ERCOT:Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Printed Name: NamePosition/Title: TitleDate: DateAddress:8000 Metropolis Drive (Building E), Suite 100Austin, Texas 78744 |