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| NPRR Number | [1174](https://www.ercot.com/mktrules/issues/NPRR1174) | NPRR Title | Market Participant’s Return of Settlement Funds to ERCOT Following Receipt of Overpayment |
| Date of Decision | | May 10, 2023 | |
| Action | | Tabled | |
| Timeline | | Normal | |
| Proposed Effective Date | | To be determined | |
| Priority and Rank Assigned | | To be determined | |
| Nodal Protocol Sections Requiring Revision | | 2.1, Definitions  2.2, Acronyms and Abbreviations  20, Alternative Dispute Resolution Procedure  20.7, Alternative Dispute Resolution Costs  20.8, Requests for Documents and Data  20.10, Return of Settlement Funds by a Qualified Scheduling Entity or Congestion Revenue Right Account Holder to ERCOT (new)  20.10.1, Applicability (new)  20.10.2, Initiation of Return of Settlement Funds (new)  20.10.3, Process for a Return of Settlement Funds Request (new)  20.10.4, Settlement Following Approved Return of Settlement Funds (new) | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) establishes a process that will allow a Qualified Scheduling Entity (QSE) or Congestion Revenue Right (CRR) Account Holder to return Settlement funds to ERCOT in the event that the QSE or CRR Account Holder receives an overpayment from ERCOT. | |
| 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 benefits the ERCOT market by allowing QSEs and CRR Account Holders to return an overpayment of Settlement funds so that the market can be resettled and such funds can be distributed to the appropriate Market Participants. | |
| PRS Decision | | On 5/10/23, PRS voted to table NPRR1174 and refer the issue to WMS and CFSG. There was one abstention from the Investor Owned Utility (IOU) (Lone Star Transmission) Market Segment. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 5/10/23, ERCOT Staff provided an overview of NPRR1174, noting the similarities to the existing Alternative Dispute Resolution (ADR) process. Participants requested additional review of Settlement and resettlement scenarios by WMS and CFSG. | |

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| **Opinions** | |
| Credit Review | To be determined |
| Independent Market Monitor Opinion | To be determined |
| ERCOT Opinion | To be determined |
| ERCOT Market Impact Statement | To be determined |

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| Sponsor | |
| Name | Austin Rosel / Douglas Fohn / Holly Heinrich |
| E-mail Address | [Austin.Rosel@ercot.com](mailto:Austin.Rosel@ercot.com) / [Douglas.Fohn@ercot.com](mailto:Douglas.Fohn@ercot.com) / [Holly.Heinrich@ercot.com](mailto:Holly.Heinrich@ercot.com) |
| Company | ERCOT |
| Phone Number | 512-248-6686 / 512-275-5997 / 512-275-7436 |
| Cell Number |  |
| Market Segment | Not applicable |

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

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| **Comments Received** | |
| Comment Author | **Comment Summary** |
| None |  |
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| Market Rules Notes | |

None

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| Proposed Protocol Language Revision |

## 2.1 DEFINITIONS

Return of Settlement Funds (RSF)

Procedures, outlined in Section 20, Alternative Dispute Resolution Procedure and Procedure for Return of Settlement Funds, for returning to ERCOT the overpayment of Settlement funds.

## 2.2 ACRONYMS AND ABBREVIATIONS

**RSF** Return of Settlement Funds

# 20 Alternative Dispute Resolution Procedure AND PROCEDURE

# FOR RETURN OF SETTLEMENT FUNDS

20.7 Alternative Dispute Resolution Costs and Return of Settlement Funds

(1) Each party shall be responsible for its own costs incurred during an Alternative Dispute Resolution (ADR) or Return of Settlement Funds (RSF) proceeding.

20.8 Requests for Documents and Data

(1) If, as part of the Alternative Dispute Resolution (ADR) proceeding or Return of Settlement Funds (RSF) proceeding, a party requests documents or data from another party to the ADR or RSF proceeding, the responding party must provide one of the following within 15 days of the request:

(a) The requested documents or data;

(b) An explanation of why the documents or data should not be produced (*e.g.* relevance); or

(c) An explanation of why the information cannot be provided on that date and a reasonable date on which the documents or data will be produced.

(2) All information provided pursuant to this subsection shall be provided by mail, email, or other mutually agreed-upon method.

## 20.10 Return of Settlement Funds by a Qualified Scheduling Entity or Congestion Revenue Right Account Holder to ERCOT

### 20.10.1 Applicability

(1) This Section applies to a claim by a Qualified Scheduling Entity (QSE) or Congestion Revenue Right (CRR) Account Holder (“Applicant”) that it violated the Protocols, an Other Binding Document, or any other applicable law, and, as a result, received a payment or reduction of charge from ERCOT that exceeds the amount that ERCOT should have credited to the QSE or CRR Account Holder for a Charge Type for a given Operating Day or other period of time (“Overpayment”).

(2) An Applicant may use the procedures set forth in this Section to return Settlement funds to ERCOT in the event that it has received an Overpayment. This process shall be known as a Return of Settlement Funds (RSF) proceeding.

(3) An Applicant that seeks to initiate a RSF proceeding shall file a request with ERCOT, as described in Section 20.10.2, Initiation of Return of Settlement Funds, within one year of the Operating Day at issue. ERCOT may reject a request if it determines that other Protocol processes apply to address the issue.

(4) If ERCOT denies an Applicant’s RSF request, the Applicant may appeal ERCOT’s decision to the Public Utility Commission of Texas (PUCT) pursuant to P.U.C. Proc. R. 22.251, Review of Electric Reliability Council of Texas (ERCOT) Conduct.

### 20.10.2 Initiation of Return of Settlement Funds

(1) To initiate an RSF proceeding, an Applicant shall complete and submit to the ERCOT Legal Department and the Independent Market Monitor (IMM) the designated form provided on the ERCOT website in the manner required by the form. All written requests shall include the following information:

(a) The name of the Applicant initiating the RSF proceeding;

(b) The amount of Settlement funds that the Applicant intends to return;

(c) A description of the reason(s) for the Applicant’s initiation of the RSF proceeding, including references to any statute(s), rule(s), Protocol Section(s), Other Binding Document(s), Agreement(s), or other law(s) that may form all or part of the basis for the RSF;

(d) The Operating Day(s) involved in the RSF;

(e) A list of all other parties that would be affected by the RSF; and

(f) Designation of a senior representative who is responsible for handling matters relating to the RSF proceeding.

(2) The date on which ERCOT receives the completed RSF written request shall be the RSF initiation date.

### 20.10.3 Process for a Return of Settlement Funds Request

(1) Unless otherwise specified in these Protocols, the process for the resolution of an Applicant’s request to return an Overpayment of Settlement funds filed under this Section will follow the process established for the resolution of ADRs under Section 20.5, Alternative Dispute Resolution Process.

### 20.10.4 Settlement Following Approved Return of Settlement Funds

(1) If resettlement is practicable to address an adjustment required by the resolution of an RSF proceeding, ERCOT shall issue a Resettlement Statement for the affected Operating Day(s) and shall adjust applicable timelines accordingly.

(2) If a resettlement is not practicable to address an adjustment required by an RSF resolution, ERCOT shall make the adjustments through a separate miscellaneous RSF Invoice that is produced outside of normal Settlement Invoices. The appropriate payments and charges, along with Settlement quality information, shall be supplied to all impacted Market Participants.