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| NPRR Number | [1175](https://www.ercot.com/mktrules/issues/NPRR1175) | NPRR Title | Revisions to Market Entry Financial Qualifications and Continued Participation Requirements |
| 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  | 1.3.1.1, Items Considered Protected Information16.2.1, Criteria for Qualification as a Qualified Scheduling Entity16.2.1.1, QSE Background Check Process (new)16.2.1.1, Data Agent-Only Qualified Scheduling Entities16.2.2.2, Incomplete QSE Applications16.8.1, Criteria for Qualification as a CRR Account Holder16.8.1.1, CRR Account Holder Background Check Process (new)16.8.2.2, Incomplete CRR Account Holder Applications16.11.1.2 Review of Counter-Party Eligibility (new)16.11.1.2.1, Failure to Maintain Eligibility (new)23 Form A, Congestion Revenue Right (CRR) Account Holder Application for Registration23 Form G, QSE Application and Service Filing for Registration FormERCOT Fee Schedule |
| Related Documents Requiring Revision/Related Revision Requests | None |
| Revision Description | This Nodal Protocol Revision Request (NPRR) strengthens ERCOT’s market entry qualification and continued participation requirements for ERCOT Counter-Parties i.e., Qualified Scheduling Entities (QSEs) and Congestion Revenue Right (CRR) Account Holders, classifies information provided in the background check as Protected Information, modifies application forms for QSEs and CRR Account Holders, and adds a new background check fee to the ERCOT Fee Schedule.This NPRR makes the following modifications to Section 16, Registration and Qualification of Market Participants:(1) Creates a new background check process as a part of ERCOT’s review of current and prospective Counter-Parties;(2) Authorizes ERCOT to review current and prospective Counter-Parties to determine whether they pose an unreasonable financial risk to ERCOT based on their background check;(3) Authorizes ERCOT to suspend a QSE or CRR Account Holder if it poses an unreasonable financial risk; and(4) Authorizes ERCOT to terminate the registration of a Counter-Party if it is deemed an unreasonable financial risk that cannot be remedied.  |
| 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 | In an attempt to mitigate market exposure, this NPRR makes changes to qualifications and requirements for prospective and current Counter-Parties. ERCOT’s goal is to strike a balance between open access, competition, and barriers to entry, while protecting the integrity of the market.Based on ERCOT’s review of various Know Your Customer (KYC) practices and proposals in financial markets and other independent System Operators, and following consultation with ERCOT stakeholders, this NPRR limits overall market exposure by potential bad actors, and helps avoid uplifts to the ERCOT market by reducing risk of bad actors entering or re-entering the ERCOT market as new Entities; reducing risk of Entities/individuals with history of manipulating markets entering the ERCOT market; and reducing risk of Entities/individuals sanctioned in other markets entering the ERCOT market.Consistent with the ERCOT Board of Directors’ policy on the approval of user fees, the background check fee proposed in this NPRR is designed to cover the cost of background checks of new and prospective Counter-Parties — a service that will benefit Counter-Parties in mitigating market exposure by bad actors. Finally, this NPRR continues to phase out acceptance of paper checks by ERCOT, as well as acceptance of applications by fax or mail (relying on emailed applications instead).  |
| PRS Decision | On 5/10/23, PRS voted to table NPRR1175 and refer the issue to CFSG. There was one abstention from the Investor Owned Utility (IOU) (Lone Start Transmission) Market Segment. All Market Segments participated in the vote. |
| Summary of PRS Discussion | On 5/10/23, ERCOT Staff reviewed NPRR1175. Participants requested further review by the CFSG for issues such as limitations on what constitutes unreasonable financial risk, and questions regarding civil matters pertaining to conviction of or settlement by parties in cases involving fraud.  |

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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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| Market Segment | Not Applicable |

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| **Comments Received** |
| Comment Author | **Comment Summary** |
| None |  |

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| **Market Rules Notes** |

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

* NPRR1166, Protected Information Status of DC Tie Schedule Information
	+ Section 1.3.1.1
* NPRR1169, Expansion of Generation Resource Qualified to Provide Firm Fuel Supply Service in Phase 2 of the Service
	+ Section 1.3.1.1
* NPRR1170, Capturing Natural Gas Delivery Information for Natural Gas Generation Resources
	+ Section 1.3.1.1
* NPRR1150, Related to NOGRR230, WAN Participant Security
	+ Section 16.2.1
* NPRR1162, Single Agent Designation for a QSE and its Sub-QSEs for Voice Communications over the ERCOT WAN
	+ Section 16.2.1
* NPRR1165, Revisions to Requirements of Providing Audited Financial Statements and Providing Independent Amount
	+ Section 16.2.1

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| Proposed Protocol Language Revision |

1.3.1.1 Items Considered Protected Information

(1) Subject to the exclusions set out in Section 1.3.1.2, Items Not Considered Protected Information, and in Section 3.2.5, Publication of Resource and Load Information, “Protected Information” is information containing or revealing any of the following:

(a) Base Points, as calculated by ERCOT. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(b) Bids, offers, or pricing information identifiable to a specific Qualified Scheduling Entity (QSE) or Resource. The Protected Information status of part of this information shall expire 60 days after the applicable Operating Day, as follows:

(i) Ancillary Service Offers by Operating Hour for each Resource for all Ancillary Services submitted for the Day-Ahead Market (DAM) or any Supplemental Ancillary Services Market (SASM);

(ii) The quantity of Ancillary Service offered by Operating Hour for each Resource for all Ancillary Service submitted for the DAM or any SASM; and

(iii) Energy Offer Curve prices and quantities for each Settlement Interval by Resource. The Protected Information status of this information shall expire within seven days after the applicable Operating Day if required to be posted as part of paragraph (5) of Section 3.2.5 and within two days after the applicable Operating Day if required to be posted as part of paragraph (7) of Section 3.2.5;

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| ***[NPRR1013: Replace paragraph (b) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(b) Bids, offers, or pricing information identifiable to a specific Qualified Scheduling Entity (QSE) or Resource. The Protected Information status of part of this information shall expire 60 days after the applicable Operating Day, as follows:(i) Ancillary Service Offers by Operating Hour or Security-Constrained Economic Dispatch (SCED) interval for each Resource for all Ancillary Services submitted for the Day-Ahead Market (DAM) or Real-Time Market (RTM);(ii) The quantity of Ancillary Service offered by Operating Hour or SCED interval for each Resource for all Ancillary Service submitted for the DAM or RTM; and(iii) A Resource’s Energy Offer Curve prices and quantities by Operating Hour or SCED interval. The Protected Information status of this information shall expire within seven days after the applicable Operating Day if required to be posted as part of paragraph (5) of Section 3.2.5 and within two days after the applicable Operating Day if required to be posted as part of paragraph (7) of Section 3.2.5; |

(c) Status of Resources, including Outages, limitations, or scheduled or metered Resource data. The Protected Information status of this information shall expire as follows:

(i) For each Forced Outage, Maintenance Outage, or Forced Derate of a Generation Resource or Energy Storage Resource (ESR) that occurs during or extends into an Operating Day, the Protected Information status of the following information shall expire three days after the applicable Operating Day:

(A) The name and unit code of the Resource affected;

(B) The Resource’s fuel type;

(C) The type of Outage or derate;

(D) The start date/time and the planned and actual end date/time;

(E) The Resource’s applicable Seasonal net maximum sustainable rating;

(F) The available and outaged MW during the Outage or derate; and

(G) The entry in the “nature of work” field in the Outage Scheduler and any other information concerning the cause of the Outage or derate;

(ii) For each Resource Outage or Forced Derate that occurs during, or that extends into, any time period in which ERCOT has declared an Energy Emergency Alert (EEA), ERCOT may immediately disclose the information identified in paragraph (i) above to a state Governmental Authority, the office of the Governor of Texas, the office of the Lieutenant Governor of Texas, or any member of the Texas Legislature, if requested; and

(iii) For all other information, the Protected Information status shall expire 60 days after the applicable Operating Day;

(d) Current Operating Plans (COPs). The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(e) Ancillary Service Trades, Energy Trades, and Capacity Trades identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(f) Ancillary Service Schedules identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

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| ***[NPRR1013: Replace paragraph (f) above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]***(f) Ancillary Service awards identifiable to a specific QSE or Resource. The Protected Information status of this information shall expire 60 days after the applicable Operating Day; |

(g) Dispatch Instructions identifiable to a specific QSE or Resource, except for Reliability Unit Commitment (RUC) commitments and decommitments as provided in Section 5.5.3, Communication of RUC Commitments and Decommitments. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(h) Raw and Adjusted Metered Load (AML) data (demand and energy) identifiable to:

(i) A specific QSE or Load Serving Entity (LSE). The Protected Information status of this information shall expire 180 days after the applicable Operating Day; or

(ii) A specific Customer or Electric Service Identifier (ESI ID);

(i) Wholesale Storage Load (WSL) data identifiable to a specific QSE. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(j) Settlement Statements and Invoices identifiable to a specific QSE. The Protected Information status of this information shall expire 180 days after the applicable Operating Day;

(k) Number of ESI IDs identifiable to a specific LSE. The Protected Information status of this information shall expire 365 days after the applicable Operating Day;

(l) Information related to generation interconnection requests, to the extent such information is not otherwise publicly available. The Protected Information status of certain generation interconnection request information expires as provided in Section 1.3.1.4, Expiration of Protected Information Status;

(m) Resource-specific costs, design and engineering data, including such data submitted in connection with a verifiable cost appeal;

(n) Congestion Revenue Right (CRR) credit limits, the identity of bidders in a CRR Auction, or other bidding information identifiable to a specific CRR Account Holder. The Protected Information status of this information shall expire as follows:

(i) The Protected Information status of the identities of CRR bidders that become CRR Owners and the number and type of CRRs that they each own shall expire at the end of the CRR Auction in which the CRRs were first sold; and

(ii) The Protected Information status of all other CRR information identified above in item (n) shall expire six months after the end of the year in which the CRR was effective.

(o) Renewable Energy Credit (REC) account balances. The Protected Information status of this information shall expire three years after the REC Settlement period ends;

(p) Credit limits identifiable to a specific QSE;

(q) Any information that is designated as Protected Information in writing by Disclosing Party at the time the information is provided to Receiving Party except for information that is expressly designated not to be Protected Information by Section 1.3.1.2 or that, pursuant to Section 1.3.1.4, is no longer confidential;

(r) Any information compiled by a Market Participant on a Customer that in the normal course of a Market Participant’s business that makes possible the identification of any individual Customer by matching such information with the Customer’s name, address, account number, type of classification service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges, billing record, or any other information that a Customer has expressly requested not be disclosed (“Proprietary Customer Information”) unless the Customer has authorized the release for public disclosure of that information in a manner approved by the Public Utility Commission of Texas (PUCT). Information that is redacted or organized in such a way as to make it impossible to identify the Customer to whom the information relates does not constitute Proprietary Customer Information;

(s) Any software, products of software, or other vendor information that ERCOT is required to keep confidential under its agreements;

(t) QSE, Transmission Service Provider (TSP), and Distribution Service Provider (DSP) backup plans collected by ERCOT under the Protocols or Other Binding Documents;

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| ***[NPRR857: Replace item (t) above with the following upon system implementation and satisfying the following conditions: (1) Southern Cross provides ERCOT with funds to cover the entire estimated cost of the project; and (2) Southern Cross has signed an interconnection agreement with a TSP and the TSP gives ERCOT written notice that Southern Cross has provided it with: (a) Notice to proceed with the construction of the interconnection; and (b) The financial security required to fund the interconnection facilities:]***(t) QSE, Transmission Service Provider (TSP), Direct Current Tie Operator (DCTO), and Distribution Service Provider (DSP) backup plans collected by ERCOT under the Protocols or Other Binding Documents; |

(u) Direct Current Tie (DC Tie) Schedule information. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(v) Any Texas Standard Electronic Transaction (TX SET) transaction submitted by an LSE to ERCOT or received by an LSE from ERCOT. This paragraph does not apply to ERCOT’s compliance with:

(i) PUCT Substantive Rules on performance measure reporting;

(ii) These Protocols or Other Binding Documents; or

(iii) Any Technical Advisory Committee (TAC)-approved reporting requirements;

(w) Information concerning a Mothballed Generation Resource’s probability of return to service and expected lead time for returning to service submitted pursuant to Section 3.14.1.9, Generation Resource Status Updates;

(x) Information provided by Entities under Section 10.3.2.4, Reporting of Net Generation Capacity;

(y) Alternative fuel reserve capability and firm gas availability information submitted pursuant to Section 6.5.9.3.1, Operating Condition Notice, Section 6.5.9.3.2, Advisory, and Section 6.5.9.3.3, Watch, and as defined by the Operating Guides;

(z) Non-public financial information provided by a Counter-Party to ERCOT pursuant to meeting its credit qualification requirements as well as the QSE’s form of credit support;

(aa) ESI ID, identity of Retail Electric Provider (REP), and MWh consumption associated with transmission-level Customers that wish to have their Load excluded from the Renewable Portfolio Standard (RPS) calculation consistent with Section 14.5.3, End-Use Customers, and subsection (j) of P.U.C. Subst. R. 25.173, Goal for Renewable Energy;

(bb) Emergency operations plans submitted pursuant to P.U.C. Subst. R. 25.53, Electric Service Emergency Operations Plans;

(cc) Information provided by a Counter-Party under Section 16.16.3, Verification of Risk Management Framework;

(dd) Any data related to Load response capabilities that are self-arranged by the LSE or pursuant to a bilateral agreement between a specific LSE and its Customers, other than data either related to any service procured by ERCOT or non-LSE-specific aggregated data.  Such data includes pricing, dispatch instructions, and other proprietary information of the Load response product;

(ee) Status of Settlement Only Generators (SOGs), including Outages, limitations, or scheduled or metered output data, except that ERCOT may disclose output data from an SOG as part of an extract or forwarded TX SET transaction provided to the LSE associated with the ESI ID of the Premise where the SOG is located. The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

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| ***[NPRR829 and NPRR995: Replace applicable portions of paragraph (ee) above with the following upon system implementation:]***(ee) Status of Settlement Only Generators (SOGs) and Settlement Only Energy Storage System (SOESS), including Outages, limitations, schedules, metered output and withdrawal data, or data telemetered for use in the calculation of Real-Time Liability (RTL) as described in Section 16.11.4.3.2, Real-Time Liability Estimate, except that ERCOT may disclose metered output and withdrawal data from an SOG or SOESS as part of an extract or forwarded TX SET transaction provided to the LSE associated with the ESI ID of the Premise where the SOG is located. The Protected Information status of this information shall expire 60 days after the applicable Operating Day; |

(ff) Any documents or data submitted to ERCOT in connection with an Alternative Dispute Resolution (ADR) proceeding. The Protected Information status of this information shall expire upon ERCOT’s issuance of a Market Notice indicating the disposition of the ADR proceeding pursuant to paragraph (1) of Section 20.9, Resolution of Alternative Dispute Resolution Proceedings and Notification to Market Participants, except to the extent the information continues to qualify as Protected Information pursuant to another paragraph of this Section 1.3.1.1;

(gg) Reasons for and future expectations of overrides to a specific Resource’s High Dispatch Limit (HDL) or Low Dispatch Limit (LDL). The Protected Information status of this information shall expire 60 days after the applicable Operating Day;

(hh) Information provided to ERCOT under Section 16.18, Cybersecurity Incident Notification, except that ERCOT may disclose general information concerning a Cybersecurity Incident in a Market Notice in accordance with paragraph (5) of Section 16.18 to assist Market Participants in mitigating risk associated with a Cybersecurity Incident;

(ii) Information disclosed in response to paragraphs (1)-(4) of the Natural Gas Pipeline Coordination section of Section 22, Attachment K, Declaration of Natural Gas Pipeline Coordination, submitted to ERCOT in accordance with Section 3.21, Submission of Declarations of Natural Gas Pipeline Coordination. The Protected Information status of Resource Outage information shall expire as provided in paragraph (1)(c) of Section 1.3.1.1;

(jj) Information concerning weatherization activities submitted to, obtained by, or generated by ERCOT in connection with P.U.C. Subst. R. 25.55, Weather Emergency Preparedness, if such information allows the identification of any Resource or Resource Entity; and

(kk) Information provided to ERCOT pursuant to Section 16.2.1.1, QSE Background Check Process, or 16.8.1.1, CRR Account Holder Background Check Process.

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) Comply with ERCOT’s background check process, as described in Section 16.2.1.1, QSE Background Check Process;

(c) Demonstrate to ERCOT’s reasonable satisfaction that the Entity does not pose an Unreasonable Financial Risk, as defined in this Section;

(d) Sign a Standard Form Market Participant Agreement;

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

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

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

(h) 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;

(i) 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;

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

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

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

(m) 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;

(n) 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;

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

(p) 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 must be able to demonstrate to ERCOT’s reasonable satisfaction that it does not pose an “Unreasonable Financial Risk.” Unreasonable Financial Risk as used in Section 16, Registration and Qualification of Market Participants, is a risk of financial default posed to ERCOT or its Market Participants by participation of an Entity or its Principals in the ERCOT market. Indicators of Unreasonable Financial Risk may include, but are not limited to: past market manipulation, trading violations, or other finance-related violations based upon a final adjudication in state or federal regulatory or legal proceedings; financial defaults in ERCOT or other energy markets resulting in loses or uplifts; or indications of imminent bankruptcy or insolvency.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) Each Subordinate QSE must be treated as an individual QSE for all purposes including communications and control functions except for 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.

(9) 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.

(10) 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.

***16.2.1.1 QSE Background Check Process***

(1) A QSE applicant must satisfy a background check as a part of the ERCOT registration process. Upon ERCOT’s request, a registered QSE may be required to satisfy a background check as a condition of maintaining its ERCOT registration.

(2) A QSE, QSE applicants, and their Principals, will provide the following disclosures to complete a QSE background check:

(a) Any civil or criminal matters involving the applicant, its predecessors, Affiliates, or Principals within the last ten years that resulted in a conviction or finding of fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities or customer protection laws;

(b) Any complaint, investigation, or disciplinary action concerning financial matters initiated by or with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board involving the applicant, its predecessors, Affiliates, or Principals within the last ten years;

(c) Any default involving the applicant, its predecessors, Affiliates, or Principals, or revocation of the applicant’s, its predecessors’, Affiliates’, or Principals’ right to operate in any other energy market within the last ten years;

(d) Any bankruptcy by the applicant, its predecessors, Affiliates, or Principals within the last ten years; and

(e) Any other information ERCOT deems reasonably necessary to complete a background check (e.g., Social Security Number(s), birth dates, home addresses).

(3) As required by paragraph (6) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, a QSE, QSE applicants, and their Principals, must promptly provide ERCOT notice of any change that a reasonable examiner could deem material to the QSE’s ability to continue to satisfy the background check requirement, including any change to information that must be disclosed under this Section.

16.2.1.2 Data Agent-Only Qualified Scheduling Entities

(1) An Entity may request registration as a Data Agent-Only QSE by submitting a completed Data Agent-Only QSE application. ERCOT will consider the application and register the Entity as a Data Agent-Only QSE in accordance with the same processes in Section 16.2, Registration and Qualification of Qualified Scheduling Entities, generally applicable to the QSE application process.

(2) An Entity is eligible to register as a Data Agent-Only QSE and maintain that registration if it:

(a) Meets all the eligibility criteria to qualify as a QSE under paragraph (1) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, except for items (b), (c), (h), (j), (l), and (m);

(b) Is not also registered as a Congestion Revenue Right (CRR) Account Holder;

(c) Does not participate in the Day-Ahead Market (DAM) or Real-Time Market (RTM);

(d) Does not participate in the Emergency Response Service (ERS) market;

(e) Does not have decision making authority over the Resources for which the Entity provides agency services;

(f) Maintains a 24-hour, seven-day-per-week support contact with qualified personnel to support and resolve any data or communication issues with ERCOT. This requirement applies to QSE Level 2, 3, and 4 as defined in Section 2.1, Definitions; and

(g) Maintains a scheduling center for the hours of 0900 to 1700 CPT on Business Days with qualified personnel to support and resolve any data or communication issues with ERCOT. This requirement applies to QSE Level 1, as defined in Section 2.1.

(3) A registered Data Agent-Only QSE may only be appointed to act as the authorized agent of a QSE that meets all requirements of Section 16.2.1 for the limited purpose of exchanging or communicating certain types of data with ERCOT provided that a QSE Agency Agreement making such appointment has been properly executed by the parties and accepted by ERCOT. If a Data Agent-Only QSE is appointed as such an agent, it shall perform its agency services in accordance with the terms of the QSE Agency Agreement and the requirements for WAN Participants under the Nodal Operating Guide Section 7, Telemetry and Communication. Once a Data Agent-Only QSE has been designated as an agent as provided herein, it will be authorized to act on behalf of the designating QSE and the Market Participant represented by the designating QSE.

(4) A Data Agent-Only QSE shall comply with the obligations applicable to QSEs under this Section 16, Registration and Qualification of Market Participants, but is exempt from the following requirements:

(a) Paragraph (1)(b) of Section 16.2.1

(b) Paragraph (1)(c) of Section 16.2.1

(c) Paragraph (1)(h) of Section 16.2.1;

(d) Paragraph (1)(j) of Section 16.2.1;

(e) Paragraph (1)(l) of Section 16.2.1;

(f) Paragraph (1)(m) of Section 16.2.1;

(g) Section 16.11, Financial Security for Counter-Parties; and

(h) Section 16.16, Additional Counter-Party Qualification Requirements.

(5) ERCOT will ensure that its systems prevent participation by a Data Agent-Only QSE in the DAM and RTM.

(6) A Data Agent-Only QSE may request to change its registration to a QSE that meets all the requirements of Section 16.2.1 and is registered with ERCOT as such by submitting a written request to ERCOT. ERCOT will change the Data Agent-Only QSE’s registration upon satisfaction of all requirements in Section 16.2.1.

(7) Nothing in this Section affects a Data Agent-Only QSE’s obligation under paragraph (5) of Section 16.2.1 to provide ERCOT notice of any material change that could adversely affect the reliability or safety of the ERCOT System.

(8) Each Data Agent-Only QSE representing a QSE that represents one or more Resources shall be connected to the ERCOT WAN and maintain 24-hour, seven-day-per-week operations and Hotline communications with ERCOT. Each Data Agent-Only QSE representing a QSE that represents one or more Resources shall answer each QSE Hotline call.

16.2.2.2 Incomplete QSE Applications

(1) Within ten Business Days after receiving a QSE application, ERCOT shall notify the applicant in writing if the application is incomplete. An application will not be deemed complete until ERCOT has received all information necessary to conduct an evaluation of whether the applicant satisfies the requirements to be registered as a QSE, including information necessary to complete any background checks.

(2) If a QSE application is incomplete, ERCOT’s notice of incompletion to the applicant must explain the deficiencies and describe the additional information necessary to make the QSE application complete. The QSE applicant has five Business Days after it receives the notice, or a longer period if ERCOT allows, to provide the additional required information.

(3) If the applicant does not respond to the incompletion notice within the time allotted, ERCOT shall reject the application and shall notify the applicant using the procedures below.

(4) ERCOT will notify the applicant of the date on which the application is deemed complete.

16.8.1 Criteria for Qualification as a CRR Account Holder

(1) To become and remain a Congestion Revenue Right (CRR) Account Holder, an Entity must meet the following requirements:

(a) Submit a properly completed CRR Account Holder application (Section 23, Form A, Congestion Revenue Right (CRR) Account Holder Application for Registration) for qualification, including any applicable fee, any necessary disclosures, and designation of Authorized Representatives, each of whom is responsible for administrative communications with the CRR Account Holder and each of whom has enough authority to commit and bind the CRR Account Holder;

(b) Comply with ERCOT’s background check process, as described in Section 16.8.1.1, CRR Account Holder Background Check Process;

(c) Demonstrate to ERCOT’s reasonable satisfaction that the Entity does not pose an Unreasonable Financial Risk, as described in this Section;

(c) Sign a CRR Account Holder Agreement;

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

(e) Demonstrate to ERCOT’s reasonable satisfaction that the Entity is capable of performing the functions of a CRR Account Holder;

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

(g) Satisfy ERCOT’s creditworthiness requirements as set forth in this Section;

(h) 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 CRR Account Holder is failing to comply with it;

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

(j) Be financially responsible for payment of its Settlement charges under these Protocols; and

(k) Not be an unbundled Transmission Service Provider (TSP), Distribution Service Provider (DSP), or an ERCOT employee.

(2) A CRR Account Holder must be able to demonstrate to ERCOT’s reasonable satisfaction that it does not pose an “Unreasonable Financial Risk.” Unreasonable Financial Risk as used in Section 16, Registration and Qualification of Market Participants, is a risk of financial default posed to ERCOT or its Market Participants by participation of an Entity or its Principals in the ERCOT market. Indicators of Unreasonable Financial Risk may include, but are not limited to: past market manipulation, trading violations, or other finance-related violations based upon a final adjudication in state or federal regulatory or legal proceedings; financial defaults in ERCOT or other energy markets resulting in loses or uplifts; or indications of imminent bankruptcy or insolvency.

(3) A CRR Account Holder or CRR Account Holder 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 CRR Account Holder or CRR Account Holder 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 CRR Account Holder’s or CRR Account Holder 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 CRR Account Holder to remain, or CRR Account Holder applicant to become, a registered CRR Account Holder. For purposes of this Section, ERCOT will only consider as disqualifying those Principals of the CRR Account Holder or CRR Account Holder 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 CRR Account Holder shall promptly notify ERCOT of any material change that a reasonable examiner could deem material to the CRR Account Holder’s ability to continue to meet the requirements set forth in paragraphs (1) to (3) above, and any material change in the information provided by the CRR Account Holder to ERCOT that may adversely affect the financial security of ERCOT. This includes any changes in the Principals of the CRR Account Holder. If the CRR Account Holder fails to so notify ERCOT of the following within two Business Days after becoming aware of the change, then ERCOT may refuse to allow the CRR Account Holder to continue to perform as a CRR Account Holder 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) Continued qualification as a CRR Account Holder is contingent upon compliance with all applicable requirements in these Protocols. ERCOT may suspend a CRR Account Holder’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.

***16.8.1.1 CRR Account Holder Background Check Process***

(1) CRR Account Holder applicants must satisfy a background check as a part of the ERCOT registration process. Upon ERCOT’s request, a registered CRR Account Holder may be required to satisfy a background check as a condition of maintaining its ERCOT registration.

(2) A CRR Account Holder, CRR Account Holder applicants, and their Principals, will provide the following disclosures to complete a CRR Account Holder background check:

(a) Any civil or criminal matters involving the applicant, its predecessors, Affiliates, or Principals within the last ten years that resulted in a conviction or finding of fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities or customer protection laws;

(b) Any complaint, investigation, or disciplinary action concerning financial matters initiated by or with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board involving the applicant, its predecessors, Affiliates, or Principals within the last ten years;

(c) Any default involving the applicant, its predecessors, Affiliates, or Principals, or revocation of the applicant’s, its predecessors’, Affiliates’, or Principals’ right to operate in any other energy market within the last ten years;

(d) Any bankruptcy by the applicant, its predecessors, Affiliates, or Principals within the last ten years; and

(e) Any other information ERCOT deems reasonably necessary to complete a background check (e.g., Social Security Number(s), birth dates, home addresses).

(3) As required by paragraph (4) of Section 16.8.1, Criteria for Qualification as a CRR Account Holder, a CRR Account Holder, CRR Account Holder applicants, and their Principals, must promptly provide ERCOT notice of any change that a reasonable examiner could deem material to the CRR Account Holder’s ability to continue to satisfy the background check requirement, including any change to information that must be disclosed.

16.8.2.2 Incomplete CRR Account Holder Applications

(1) Within ten Business Days after receiving a CRR Account Holder application, ERCOT shall notify the applicant in writing if the application is incomplete. An application will not be deemed complete until ERCOT has received all information necessary to conduct an evaluation of whether the applicant satisfies the requirements to be registered as a CRR Account Holder, including information necessary to complete any needed background checks.

(2) If a CRR Account Holder application is incomplete, ERCOT’s notice of incompletion to the applicant must explain the deficiencies and describe the additional information necessary to make the CRR Account Holder application complete. The CRR Account Holder applicant has five Business Days after it receives the notice, or a longer period if ERCOT allows, to provide the additional required information.

(3) If the applicant does not respond to the incompletion notice within the time allotted, ERCOT shall reject the application and shall notify the applicant using the procedures below.

(4) ERCOT will notify the applicant of the date on which the application is deemed complete.

***16.11.1.2 Review of Counter-Party Eligibility***

(1) At any time, ERCOT may conduct a review to determine if a Counter-Party continues to satisfy all requirements set forth in Section 16, Registration and Qualification of Market Participants.

(2) ERCOT’s review under this Section may be triggered by notice of a change provided by the Counter-Party to ERCOT, information that ERCOT receives or discovers through other means, or ERCOT’s periodic review of Principals of Counter-Parties.

(3) As part of ERCOT’s review under this Section, ERCOT may conduct additional background checks, as described in Section 16.2.1.1, QSE Background Check Process and Section 16.8.1.1, CRR Account Holder Background Check Process. ERCOT will charge the Counter-Party a new background check fee for any necessary background check. A Counter-Party’s failure to pay a background check fee by the deadline set by ERCOT constitutes a Payment Breach pursuant to Section 16.11.7, Payment Breach and Late Payments by Market Participants.

(4) If ERCOT conducts a review pursuant to this Section and determines that the Counter-Party may no longer satisfy a requirement set forth in Section 16, ERCOT, in its sole discretion, may consult with the Counter-Party to determine if the Counter-Party can provide additional information or take remedial action that would explain or resolve the deficiencies preliminarily identified by ERCOT in its review.

***16.11.1.2.1 Failure to Maintain Eligibility***

(1) If ERCOT’s review of a Counter-Party pursuant to Section 16.2.1.1, QSE Background Check Process, or Section 16.8.1.1, CRR Account Holder Background Check Process, results in ERCOT determining that the Counter-Party no longer satisfies a requirement set forth in Section 16, then ERCOT will notify the Counter-Party that such failure to comply with the ERCOT Protocols is a material breach under Section (8)(A)(2) of the Standard Form Market Participant Agreement (Section 22, Attachment A). ERCOT will provide the Counter-Party with specific information concerning what is required to cure the material breach.

(2) If ERCOT determines, in its sole discretion, that continued participation of the Counter-Party would pose a risk that could immediately compromise the integrity of the ERCOT market during the 14-day cure period described in Section (8)(A)(2) of the Standard Form Market Participant Agreement, ERCOT may suspend the Counter-Party’s rights as a Market Participant upon the notification of the material breach.

**ERCOT Nodal Protocols**

**Section 23**

**Form A: Congestion Revenue Right (CRR) Account Holder Application for Registration**

**TBD**

Date Received: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CONGESTION REVENUE RIGHT (CRR) ACCOUNT HOLDER**

**APPLICATION FOR REGISTRATION**

This application is for approval as a CRR Account Holder by the Electric Reliability Council of Texas Inc. (ERCOT) in accordance with the ERCOT Protocols. Information may be inserted electronically to expand the reply spaces as necessary. ERCOT will accept the completed, executed application via email to MPRegistration@ercot.com (.pdf version). In addition to the application, ERCOT must receive an application fee in the amount of $500 via Electronic Fund Transfer (wire or ACH). ERCOT must also receive a background check fee in the amount of $350 per Principal via Electronic Fund Transfer (wire or ACH) and applicant’s Principals must each complete a background check. All payments should reference the applicant’s name and DUNS # in the remarks. If you need assistance filling out this form, or if you have any questions, please call (512) 248-3900.

This application must be signed by the Authorized Representative, Backup Authorized Representative or an Officer of the company listed herein, as appropriate. ERCOT may request additional information as reasonably necessary to support operations under the ERCOT Protocols.

**PART I – ENTITY Information**

|  |  |
| --- | --- |
| **Legal Name of the Applicant:** |       |
| **Legal Address of the Applicant:** | Street Address:       |
|  | City, State, Zip:       |
| **DUNS¹ Number:** |       |

¹ Defined in Section 2.1, Definitions.

**[ ]  Check if entity is a Non-Opt In Entity (NOIE).**

1. Authorized Representative (“AR”). Defined in Section 2.1, Definitions.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**2. Backup AR**.*(Optional)* This person may sign any form for which an AR’s signature is required and will perform the functions of the AR in the event the AR is unavailable.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**3. Type of Legal Structure**. (Please indicate only one.)

[ ]  Individual [ ]  Partnership [ ]  Municipally Owned Utility

[ ]  Electric Cooperative [ ]  Limited Liability Company [ ]  Corporation

[ ]  Other:

If Applicant is not an individual, provide the state in which the Applicant is organized,      , and the date of organization:

**4. User Security Administrator (USA)**.As defined in Section 16.12, User Security Administrator and Digital Certificates, the USA is responsible for managing the Market Participant’s access to ERCOT’s computer systems through Digital Certificates.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**5. Backup USA**. *(Optional)* This person may perform the functions of the USA as defined in the ERCOT Protocols in the event the USA is unavailable.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**6. Cybersecurity**. This contact is responsible for communicating Cybersecurity Incidents.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**7. Allocation Eligibility**.Indicate if the Applicant is eligible for the allocation described below:

[ ]  **Pre-Assigned Congestion Revenue Right (PCRR) Allocations.** ERCOT shall allocate PCRRs to eligible Municipally Owned Utilities (MOUs) and Electric Cooperatives (ECs) pursuant to Section 7.4, Allocation of Pre-Assigned Congestion Revenue Rights.

**8. Proposed commencement date for service:**

**PART II – BANKING INFORMATION FOR FUNDS TRANSFERS**

**1. Banking Information.** Applicant must be able to conduct Electronic Funds Transfers (EFTs) for the settlement of financial transactions with ERCOT.

|  |  |
| --- | --- |
| **Bank Name:** |       |
| **Account Name:** |       |
| **Account No.:** |       |
| **ABA Number:** |       |

**2. Accounts Payable Contact (Settlement & Billing).**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**3. Backup Accounts Payable Contact (Settlement & Billing).** *(Optional)*

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**PART III – ADDiTIONAL REQUIRED Information**

**1. Officers and Principals.** Provide the name of all officers and the name and position of all Principals, as defined by Section 16.1.2, Principal of a Market Participant, along with a current email address for each Principal. An individual background check will be performed on each Principal of the Applicant. In addition, ERCOT will obtain the names of all individuals and/or entities listed with the Texas Secretary of State as having binding authority for the Applicant. ERCOT will use this list of individuals to determine who can execute such documents as the Standard Form Market Participant Agreement (Section 22, Attachment A), Amendment to the Standard Form Market Participant Agreement (Section 22, Attachment C), Digital Certificate Audit Attestation, etc. Alternatively, additional documentation (Articles of Incorporation, Board Resolutions, Delegation of Authority, Secretary’s Certificate, etc.) can be provided to prove binding authority for the Applicant. *(Attach on additional pages.)*

**2. Affiliates and Other Registrations.** Provide the name, legal structure, and relationship of each of the Applicant’s affiliates, if applicable. See Section 2.1, Definitions, for the definition of “Affiliate.” Please also provide the name and type of any other ERCOT Market Participant registrations held by the Applicant. *(Attach additional pages if necessary.)*

|  |  |  |
| --- | --- | --- |
| **Affiliate Name**(or name used for other ERCOT registration) | **Type of Legal Structure**(partnership, limited liability company, corporation, etc.) | **Relationship**(parent, subsidiary, partner, affiliate, etc.) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**3. Disclosures.** Provide the name of any Principal of the Applicant that is now, or was at any point in time, a Principal of any other Entity that is now, or was at any point in time, a registered ERCOT Market Participant, along with the name of the relevant ERCOT Market Participant and the dates during which the Principal of the Applicant was a Principal of the other Entity. *(Attach on additional pages.)*

In addition, provide the following disclosures involving Applicant, its predecessors, Affiliates, or Principals *(Attach on additional pages.)*:

A) Any civil or criminal matters involving the applicant, its predecessors, Affiliates, or Principals within the last ten years that resulted in a conviction or finding of fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities or customer protection laws;

(b) Any complaint, investigation, or disciplinary action concerning financial matters initiated by or with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board involving the applicant, its predecessors, Affiliates, or Principals within the last ten years;

(c) Any default involving the applicant, its predecessors, Affiliates, or Principals, or revocation of the applicant’s, its predecessors’, Affiliates’, or Principals’ right to operate in any other energy market within the last ten years;

(d) Any bankruptcy by the applicant, its predecessors, Affiliates, or Principals within the last ten years; and

Finally, for each Principal, as defined by Section 16.1.2, Principal of a Market Participant, ERCOT will work with the third-party that performs ERCOT’s background checks. Each Principal will then be emailed directly by the third-party with directions on securely providing the third-party with information necessary to perform a background check, including Principals’ Social Security numbers, birth dates, and home addresses for the last ten years.

**4. Counter-Party Credit Application**. Complete the Counter-Party Credit Application, located at http://www.ercot.com/services/rq/credit, and submit as instructed in conjunction with this application, in accordance with Section 16.8, Registration and Qualification of Congestion Revenue Rights Account Holders.

**5. Annual Certification Form to Meet ERCOT Additional Minimum Participation.** Complete Section 22 Attachment J, Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements, and submit in conjunction with this application, pursuant to Section 16.16.3, Verification of Risk Management Framework.

**6. Qualified Scheduling Entity (QSE) Acknowledgment.** Provide all information requested in Attachment A below and have the document executed by both parties, ***ONLY*** if the Applicant is a Non-Opt-In Entity (NOIE) and eligible for PCRRs.

**PART IV – SIGNATURE**

I affirm that I have personal knowledge of the facts stated in this application and that I have the authority to submit this application form on behalf of the Applicant. I further affirm that all statements made and information provided in this application form are true, correct and complete, and that the Applicant will provide to ERCOT any changes in such information in a timely manner.

|  |  |
| --- | --- |
| Signature of AR, Backup AR or Officer: |  |
| Printed Name of AR, Backup AR or Officer: |       |
| Date: |       |

**Attachment A – QSE Acknowledgment**

**Acknowledgment by Designated QSE for**

**Scheduling and Settlement Responsibilities with ERCOT**

**Applicable only if CRRAH is a NOIE and eligible for Pre-Assigned CRRs**

The Applicant below has named the QSE listed below as its designated QSE to represent the Applicant for scheduling and Settlement transactions with ERCOT.

The Applicant’s designated QSE, listed below, hereby acknowledges that it does represent the Applicant and that it shall be responsible for the Applicant’s scheduling and Settlement transactions with ERCOT pursuant to the ERCOT Protocols.

The requested effective date for such representation is:      [[1]](#footnote-1)\*\*

or

Establish partnership at the earliest possible date [ ]

Acknowledgment by **QSE**:

|  |  |
| --- | --- |
| Signature of AR for QSE: |  |
| Printed Name of AR: |       |
| Email Address of AR: |       |
| Date: |       |
| Name of Designated QSE: |       |
| DUNS of Designated QSE: |       |

Acknowledgment by **Applicant**:

|  |  |
| --- | --- |
| Signature of AR for MP: |  |
| Printed Name of AR: |       |
| Email Address of AR:  |       |
| Date: |       |
| Name of MP: |       |
| DUNS No. of MP: |       |

**ERCOT Nodal Protocols**

**Section 23**

**Form G: QSE Application and Service Filing for Registration Form**

**TBD**

**QUALIFIED SCHEDULING ENTITY (QSE)**

**APPLICATION AND SERVICE FILING FOR REGISTRATION**

This application is for approval as a Qualified Scheduling Entity (QSE) by Electric Reliability Council of Texas, Inc. (ERCOT) in accordance with the ERCOT Protocols. Information may be inserted electronically to expand the reply spaces as necessary. ERCOT will accept the completed, executed application via email to MPRegistration@ercot.com (.pdf version). In addition to the application, ERCOT must receive an application fee in the amount of $500 via Electronic Fund Transfer (wire or ACH) for each QSE or subordinate QSE (Sub-QSE) registered. ERCOT must also receive a background check fee in the amount of $350 per applicant’s Principal via Electronic Fund Transfer (wire or ACH). All payments should reference the applicant’s name and DUNS # in the remarks. If you need assistance filling out this form, or if you have any questions, please call (512) 248-3900.

This application must be signed by the Authorized Representative, Backup Authorized Representative or an Officer of the company listed herein, as appropriate. ERCOT may request additional information as reasonably necessary to support operations under the ERCOT Protocols.

**PART I – ENTITY Information**

|  |  |
| --- | --- |
| **Legal Name of the Applicant:** |       |
| **Legal Address of the Applicant:** | Street Address:       |
|  | City, State, Zip:       |
| **DUNS¹ Number:** |       |

¹Defined in Section 2.1, Definitions.

**[ ]  Check if Applying as an Emergency Response Service (ERS) Only QSE.**

**1. Authorized Representative (“AR”).** Defined in Section 2.1, Definitions.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**2. Backup AR.** *(Optional)* This person may sign any form for which an AR’s signature is required and will perform the functions of the AR as defined in the ERCOT Protocols in the event the AR is unavailable.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**3. Type of Legal Structure.** (Please indicate only one.)

[ ]  Individual [ ]  Partnership [ ]  Municipally Owned Utility

[ ]  Electric Cooperative [ ]  Limited Liability Company [ ]  Corporation

[ ]  Other:

If Applicant is not an individual, provide the state in which the Applicant is organized,      , and the date of organization:      .

**4. User Security Administrator (USA).** As defined in Section 16.12, User Security Administrator and Digital Certificates, the USA is responsible for managing the Market Participant’s access to ERCOT’s computer systems through Digital Certificates.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**5. Backup USA.** *(Optional)* This person may perform the functions of the USA as defined in the ERCOT Protocols in the event the USA is unavailable.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**6. Cybersecurity**. This contact is responsible for communicating Cybersecurity Incidents.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |       | **Zip:** |       |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**7. Control or Operations Center.** As defined in item (1)(m) and (1)(n) of Section 16.2.1, Criteria for Qualification as a Qualified Scheduling Entity, the control or operations center is responsible for operational communications and shall have sufficient authority to commit and bind the QSE. For QSE Level 2, 3, and 4 the availability of the control or operations center is 24-hour, seven-day-per-week. For QSE Level 1 the availability of the control or operations center is during the hours of 0900 to 1700 Central Prevailing Time (CPT) on Business Days.

|  |  |
| --- | --- |
| **Desk Name:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**8. Compliance Contact.** This person is responsible for compliance related issues.

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**9. Proposed commencement date for service:**

**PART II – BANKING INFORMATION FOR FUNDS TRANSFERS**

**1. Banking Information.** Applicant must be able to conduct Electronic Funds Transfers (EFTs) for the settlement of financial transactions with ERCOT.

|  |  |
| --- | --- |
| **Bank Name:** |       |
| **Account Name:** |       |
| **Account No.:** |       |
| **ABA Number:** |       |

**2. Accounts Payable Contact (Settlement & Billing).**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**Backup Accounts Payable Contact (Settlement & Billing).** *(Optional)*

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**PART III – DECLARATION OF SUBORDINATE QSEs**

If the QSE intends to partition itself into Sub-QSEs, please enter information for each Sub-QSE below. If a Sub-QSE will have a different Contact than the QSE, please provide that information in the spaces provided below. The Sub-QSE name must have a reference to the Legal Entity Name. For example: Legal Name of Market Participant (SQ1), Legal Name of Market Participant (SQ2), etc.

**Sub-QSE One (SQ1)**

**Name:**       **Proposed commencement date for service:**

**Contact information same? [ ]  Yes [ ]  No (If no, complete the section below)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**Sub-QSE Two (SQ2)**

**Name:**       **Proposed commencement date for service:**

**Contact information same? [ ]  Yes [ ]  No (If no, complete the section below)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**Sub-QSE Three (SQ3)**

**Name:**       **Proposed commencement date for service:**

**Contact information same? [ ]  Yes [ ]  No (If no, complete the section below)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**Sub-QSE Four (SQ4)**

**Name:**       **Proposed commencement date for service:**

**Contact information same? [ ]  Yes [ ]  No (If no, complete the section below)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name:** |       | **Title:** |       |
| **Address:** |       |
| **City:** |       | **State:** |  | **Zip:** |  |
| **Telephone:** |       | **Fax:** |       |
| **Email Address:** |       |

**PART IV – ADDiTIONAL REQUIRED Information**

**1. Officers and Principals.** Provide the name of all officers and the name and position of each Principal, as defined by Section 16.1.2, Principal of a Market Participant, along with a current email address for each Principal. An individual background check will be performed on each Principal of the Applicant. In addition, ERCOT will obtain the names of all individuals and/or entities listed with the Texas Secretary of State as having binding authority for the Applicant. ERCOT will use this list of individuals to determine who can execute such documents as the Standard Form Market Participant Agreement (Section 22, Attachment A), Amendment to Standard Form Market Participant Agreement (Section 22, Attachment C), Digital Certificate Audit Attestation, etc. Alternatively, additional documentation (Articles of Incorporation, Board Resolutions, Delegation of Authority, Secretary’s Certificate, etc.) can be provided to prove binding authority for the Applicant. *(Attach on additional pages.)*

**2. Affiliates and Other Registrations.** Provide the name, legal structure, and relationship of each of the Applicant’s affiliates, if applicable. See Section 2.1, Definitions, for the definition of “Affiliate.” Please also provide the name and type of any other ERCOT Market Participant registrations held by the Applicant. *(Attach additional pages if necessary.)*

**3. Disclosures.** Provide the name of any Principal of the Applicant that is now, or was at any point in time, a Principal of any other Entity that is now, or was at any point in time, a registered ERCOT Market Participant, along with the name of the relevant ERCOT Market Participant and the dates during which the Principal of the Applicant was a Principal of the other Entity. *(Attach on additional pages.)*

In addition, provide the following disclosures involving Applicant, its predecessors, Affiliates, or Principals *(Attach on additional pages.)*:

A) Any civil or criminal matters involving the applicant, its predecessors, Affiliates, or Principals within the last ten years that resulted in a conviction or finding of fraud, theft, larceny, deceit, deceptive trade practices, or a violation of securities or customer protection laws;

(b) Any complaint, investigation, or disciplinary action concerning financial matters initiated by or with the Securities and Exchange Commission (SEC), Commodities Futures Trading Commission (CFTC), Federal Energy Regulatory Commission (FERC), a self-regulatory organization, Independent System Operator or Regional Transmission Organization, or a state public utility commission or securities board involving the applicant, its predecessors, Affiliates, or Principals within the last ten years;

(c) Any default involving the applicant, its predecessors, Affiliates, or Principals, or revocation of the applicant’s, its predecessors’, Affiliates’, or Principals’ right to operate in any other energy market within the last ten years;

(d) Any bankruptcy by the applicant, its predecessors, Affiliates, or Principals within the last ten years; and

Finally, for each Principal, as defined by Section 16.1.2, Principal of a Market Participant, ERCOT will work with the third-party that performs ERCOT’s background checks. Each Principal will then be emailed directly by the third-party with directions on securely providing the third-party with information necessary to perform a background check, including Principals’ Social Security numbers, birth dates, and home addresses for the last ten years.

**4. Counter-Party Credit Application.** Complete the Counter-Party Credit Application, located at http://www.ercot.com/services/rq/credit, and submit as instructed in conjunction with this application, in accordance with Section 16.2, Registration and Qualification of Qualified Scheduling Entities.

|  |  |  |
| --- | --- | --- |
| **Affiliate Name**(or name used for other ERCOT registration) | **Type of Legal Structure**(partnership, limited liability company, corporation, etc.) | **Relationship**(parent, subsidiary, partner, affiliate, etc.) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**5. Annual Certification Form to Meet ERCOT Additional Minimum Participation.** Complete Section 22, Attachment J, Annual Certification Form to Meet ERCOT Additional Minimum Participation Requirements, and submit in conjunction with this application, pursuant to Section 16.16.3, Verification of Risk Management Framework.

**PART V – SIGNATURE**

I affirm that I have personal knowledge of the facts stated in this application and that I have the authority to submit this application form on behalf of the Applicant. I further affirm that all statements made and information provided in this application form are true, correct and complete, and that the Applicant will provide to ERCOT any changes in such information in a timely manner.

|  |  |
| --- | --- |
| Signature of AR, Backup AR or Officer: |  |
| Printed Name of AR, Backup AR or Officer: |  |
| Date: |  |

**ERCOT Fee Schedule**

***TBD***

The following is a schedule of ERCOT fees currently in effect. These fees are not refundable unless ERCOT Protocols provide otherwise.

|  |  |  |
| --- | --- | --- |
| **Description**  | **Nodal Protocol Reference** | **Calculation/Rate/Comment** |
| Private Wide Area Network (WAN) fees | 9.16.2 | Actual costs of procuring, using, maintaining, and connecting to the third-party communications networks and related hardware that provide ERCOT WAN communications. The portion of costs for ERCOT’s work regarding an initial installation or reconfiguration of an existing installation will not exceed $7,000. The portion of the monthly network management fee for ERCOT’s work will not exceed $450 per month. |
| ERCOT Generation Interconnection fee (Not Refundable) | NA | Application to interconnect generation to the ERCOT System.$5,000 (less than or equal to 150 MW)$7,000 (greater than 150 MW) |
|

|  |  |  |  |
| --- | --- | --- | --- |
| ***[NPRR1153: Replace “ERCOT Generation Interconnection fee” above with the following upon system implementation:]***

|  |  |  |
| --- | --- | --- |
| ERCOT Load Resource Registration and Generator Interconnection or Modification fees  | NA | $500 for registration of a new Load Resource. If a Resource Entity seeks to increase the MW size of an existing Load Resource by more than 20% or change the Load Resource’s registration between non-Controllable Load Resource and Controllable Load Resource, it will incur a registration fee of $500.The term “generator,” as used in this fee schedule relating to interconnection fees and Full Interconnection Study (FIS) Application fees, includes Generation Resources, Energy Storage Resources (ESRs), and Settlement Only Generators (SOGs) but, as reflected below, Settlement Only Distribution Generators (SODGs) will incur a different fee amount than transmission connected SOGs. The following fee amounts apply for the registration of a new generator: $2,300 for SODGs; $8,000 for generators that are less than 10 MW (other than SODGs); and$14,000 for generators that are 10 MW or greater.If a Resource Entity for an existing SODG seeks to change its registration to a Distribution Generation Resource (DGR) it will incur a registration fee of $8,000.If a Resource Entity seeks to make a modification that is covered by paragraph (1)(c) of Planning Guide Section 5.2.1, Applicability, to an existing generator it will incur a registration fee in association with the modification request. If, at the time the modification is submitted, the cumulative MW amount of the modification and any other modifications that have been submitted for that generator within the last 12 months amount to less than 10 MW, the registration fee will be $2,300. If, at the time the modification is submitted, the cumulative MW amount of the modification and any other modifications that have been submitted for that generator within the last 12 months amount to 10 MW or greater, the registration fee will be $14,000. |

 |

 |
| Full Interconnection Study (FIS) Application fee (Not Refundable) | NA | $15 per MW – to support ERCOT system studies and coordination. Applicable MW amount per Planning Guide Section 5, Generator Interconnection or Modification. |
|

|  |  |  |  |
| --- | --- | --- | --- |
| ***[NPRR1153: Replace “Full Interconnection Study (FIS) Application fee” above with the following upon system implementation:]***

|  |  |  |
| --- | --- | --- |
| Full Interconnection Study (FIS) Application fee | NA | $3,000 for an FIS Application relating to a new generator.$2,700 for an FIS Application relating to modification of an existing generator. |

 |

 |
| Qualified Scheduling Entity (QSE) Application fee | 9.16.2 | $500 per Entity |
| Subordinate QSE (Sub-QSE) Application fee | 9.16.2 | $500 per Sub-QSE |
| Competitive Retailer (CR) Application fee | 9.16.2 | $500 per Entity |
| Congestion Revenue Right (CRR) Account Holder Application fee | 9.16.2 | $500 per Entity |
| Independent Market Information System Registered Entity (IMRE) fee | 9.16.2 | $500 per Entity |
| Resource Entity Application fee | 9.16.2 | $500 per Entity  |
| Transmission and/or Distribution Service Providers (TDSPs) | 9.16.2 | $500 per Entity |
| Counter-Party Background Check Fee | 9.16.2 | $350 per Principal |
| Weatherization Inspection fees | NA | Resource Entities with Generation Resources or Energy Storage Resources (ESRs) and Transmission Service Providers (TSPs) shall pay fees to ERCOT for costs related to weatherization inspections conducted pursuant to 16 Texas Administrative Code (TAC) § 25.55, Weather Emergency Preparedness, as provided below. TSPs shall pay an inspection fee of $3,000 for each of their substations or switching stations that are inspected.Each Resource Entity with Generation Resources or ESRs shall pay an inspection fee calculated as the Semiannual Generation Resource Inspection Costs \* (Resource Entity MW Capacity/Aggregate MW Capacity). ERCOT will perform this calculation twice per calendar year and gather the necessary MW capacity data for that six-month period on one of the last 15 Business Days at the end of the period. Terms used in this formula are defined as follows: Semiannual Generation Resource Inspection Costs = the sum of outside services costs, ERCOT internal costs, and overhead costs related to weatherization inspections, less inspection fees that will be invoiced to TSPs, for that six-month period. Resource Entity MW Capacity = the total MW capacity associated with a Resource Entity with Generation Resources or ESRs. To calculate these amounts, ERCOT will query the Resource Integration and Ongoing Operations-Resource Services (“RIOO-RS”) for a report that lists the total MW capacity (real power rating) for all generation assets associated with each Resource Entity.Aggregate MW Capacity = the total of all the Resource Entity MW Capacity amounts. To calculate this amount, ERCOT will query the RIOO-RS for a report that lists the total MW capacity (real power rating) for all Generation Resources and ESRs associated with all Resource Entities.ERCOT will issue Invoices semiannually in the months of January and July for the preceding six-month period to the Resource Entities and TSPs that owe inspection fees. Payment of the fee will be due within 30 days of the Invoice date and late payments will incur 18% annual interest. Entities that fail to pay their Invoice on time will be publicly reported in a filing with the Public Utility Commission of Texas (PUCT). Further payment terms and instructions will be included on the Invoice. |
| Voluminous Copy fee | NA | $0.15 per page in excess of 50 pages |
| Actual Costs associated with Information Requests  | NA | ERCOT will provide an estimate to the requestor of any vendor or third-party costs ERCOT deems appropriate to fulfill the information request. If the requestor approves the cost estimate, the requestor must pay all such costs as instructed by ERCOT before the information will be delivered to the requestor.  |
| ERCOT Labor Costs for Information Requests | NA | $15 per hour of ERCOT time.If ERCOT determines that a request will involve a substantial burden on ERCOT employee or contractor time to fulfill the request, ERCOT will provide an estimate to the requestor of the anticipated labor costs. If the requestor approves the cost estimate, the requestor must pay all such labor costs as instructed by ERCOT before the information will be delivered to the requestor. |
| ERCOT Training fees for courses that award Continuing Education Hours (CEHs)  | NA | $25 per North American Electric Reliability Corporation (NERC) CEH. Examples of such trainings include, without limitation, the Operator Training Seminar and Black Start Training. |
| Cybersecurity Monitor fee for Non-ERCOT Utilities that participate in the Texas Cybersecurity Monitor Program | NA | The Cybersecurity Monitor fee amount varies from year to year. The current fee amount is posted on ERCOT’s website here:<https://www.ercot.com/services/programs/tcmp> |

1. \*\**Actual effective date will depend on time needed to implement the relationship in ERCOT systems once ERCOT has received all necessary information (a minimum of three Business Days) and may be later than the requested effective date. ERCOT will notify the parties of the actual effective date*. [↑](#footnote-ref-1)