



Item 7.3.1: Firm Fuel Supply Settlement Update

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Reliability and Markets Committee Meeting

ERCOT Public

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Overview

- **Purpose**

To inform the Reliability and Markets committee on the net allocation to load of the Firm Fuel Supply Service and to highlight the substantial amounts being clawed back from Resources for the 2022/2023 obligation period.

- **Voting Items / Requests**

No action is requested of the R&M Committee or Board; for discussion only

- **Key Takeaways**

- The total cost of procurement at the beginning of the period was \$52.8M
- Amounts being clawed back from Qualified Scheduling Entities (QSEs) representing Resources, mainly due to unavailability during watch periods, is \$25.7M
- Fuel replacements costs, compensation to refill fuel tanks after a deployment, are \$4.8M
- Net allocation to QSEs representing load for 2022/2023 will be \$31.3M

Firm Fuel Supply Service Procurement

- The Firm Fuel Supply Service (FFSS) obligation period was from November 15, 2022 through March 15, 2023.
- 19 Generation Resources were awarded as primary Firm Fuel Supply Service Resources (FFSSRs).
- The clearing price was \$6.19/MW/hr (\$18,000/MW)
- A total of 2,940.5 MW of FFSS capacity was procured.
- The total cost of procurement was \$52,839,535.

Claw Backs

- Per protocol language Section 8.1.1.2.1.6:
 - (5) *If the FFSSR does not reflect that it is available, through its Availability Plan, for the hours for which ERCOT has issued a Watch for winter weather, ERCOT shall claw back and/or withhold the FFSS Standby Fee for 90 days, unless the FFSSR successfully deployed for its entire FFSS award obligation and exhausted emission hours allocated in the RFP for the FFSSR.*
 - (9) *If the FFSSR fails to come On-Line or stay On-Line during an FFSS deployment due to a non-fuel related issue, ERCOT shall claw back and/or withhold the FFSS Standby Fee for 15 days.*
- 8 Resources received claw back charges
 - 7 Resources received claw back charges related to paragraph (5) above.
 - 1 Resource received claw back charges related to paragraph (9) above.

Firm Fuel Supply Service Settlement

Description	Total Amount (\$)
Standby Fee	(\$52,232,374)
Fuel Replacement Cost:	
1 st Watch	(\$208,831)
2 nd Watch	(\$4,560,011)
Estimated Standby Fee Claw back	\$25,742,986
Total Payment for FFSS	(\$31,258,230)

- The standby fee was less than the cost of procurement due to the availability reduction factor.
- The fuel replacement cost for the 2nd watch will be settled on July 31 and August 1, 2023 at an estimated \$4.38M and \$176K, respectively.
- Claw backs for the Standby Fee will be reflected on the True-Up statements for all Operating Days in the obligation period. Settlement for the claw backs began on May 15, 2023 and will end on September 11, 2023.

Questions?