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| NPRR Number | [1169](https://www.ercot.com/mktrules/issues/NPRR1169) | NPRR Title | Expansion of Generation Resources Qualified to Provide Firm Fuel Supply Service in Phase 2 of the Service |
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| Date | June 14, 2023 |
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| Submitter’s Information |
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| Market Segment | Not applicable |

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| Comments |

ERCOT files these comments in response to the comments filed on 6/13/23 by Calpine Corporation (Calpine). The changes proposed by Calpine are either unnecessary or lessen the meaningful protections for Phase 2 of the Firm Fuel Supply Service (FFSS) program. Thus, ERCOT continues to recommend that the Reliability and Markets (R&M) Committee and ERCOT Board of Directors (Board) recommend approval of Nodal Protocol Revision Request (NPRR) 1169 consistent with ERCOT’s 6/12/23 comments and not incorporate any of the revisions from Calpine.

The changes Calpine proposes in its 6/13/23 comments can be summarized into four categories.

First, the 6/13/23 Calpine comments would amend the definition of an FFSS Qualifying Pipeline to specify that ***interstate***pipelines subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC) under the federal Natural Gas Act (15 U.S.C. Section 717 *et seq*.) are a category of qualifying pipeline. (Previously the modifier, *interstate*, was not in this category.) ERCOT understands this edit was offered by Calpine as a clarification; ERCOT views this edit as surplusage and not necessary.

Second, the 6/13/23 Calpine comments would amend the definition of an FFSS Qualified Contract to strike the explicit reference to ERCOT’s review of the Qualifying Force Majeure Provision. Even though the stricken language just enumerated one element of ERCOT’s review and the revised definition still makes clear that ERCOT’s review (if undertaken) will be to determine whether the relevant agreement “meets the requirements” of a Firm Gas Storage Agreement or Firm Transportation Agreement, as applicable, ERCOT views this edit as unnecessary and prefers the current added clarity.

Third, the 6/13/23 Calpine comments would amend the definition of an FFSS Qualifying Pipeline to add a new category of qualifying pipeline:

An intrastate natural gas pipeline that (i) is owned and operated by the Generation Entity or an Affiliate and (ii) does not transport gas owned by third-parties.

Calpine states that this change would enable participation in FFSS by a Generation Entity that owns a dedicated pipeline from the plant to a Qualifying Storage Facility. However, this change is unnecessary because any such pipeline should already qualify in one of the existing categories of qualifying pipelines in ERCOT’s proposed definition of FFSS Qualifying Pipeline, or properly be unable to qualify. Specifically, such a pipeline likely would qualify as either: (i) an intrastate pipeline that is not operated by a gas utility under Title 3 of the Texas Utilities Code; or (ii) an intrastate pipeline that is operated by a gas utility under Title 3 of the Texas Utilities Code that can certify to the Generation Entity that it does not have any contracts for firm service on such pipeline with human needs customers or local distribution systems that serve human needs customers. If such a pipeline does not fall into one of those two categories, then it should be properly excluded. The clause regarding “not transport[ing] gas owned by third parties” is not sufficient to disqualify any Generation Entity- or Affiliate-owned pipelines that are operated by gas utilities providing firm service to third parties that enjoy higher priority against curtailment under the Railroad Commission of Texas’s (RRC’s) curtailment rule, 16 Tex. Admin. Code § 7.455. Accordingly, the proposed edit reintroduces the risk – for a subset of pipelines – that ERCOT has consistently sought to eliminate in this NPRR. For these reasons, ERCOT opposes this proposed revision.

Finally, the 6/13/23 Calpine comments would amend the definitions of an FFSS Qualified Contract and a Firm Transportation Agreement to remove the requirements for FERC-jurisdictional Firm Transportation Agreements to contain Qualifying Force Majeure Provisions and purchasers’ rights to information regarding daily balances of flowing natural gas and estimates ‎of daily and month-to-date receipts and deliveries of natural gas. ERCOT opposes these proposed edits for several reasons. Most importantly, the Qualifying Force Majeure Provision and information rights proposed are critical to the FFSS Phase 2 framework. These requirements provide transparency regarding service provided by third-party entities that are not subject to the authority of the Public Utility Commission of Texas and that have no direct relationship with ERCOT. These requirements also provide more specificity for all regarding when a Force Majeure event may be declared and what additional information-sharing shall be triggered in such event. ERCOT believes these requirements should be uniform, applying to all Firm Transportation Agreements, regardless of whether the Firm Transportation Agreement is for Firm Service on an interstate or intrastate pipeline. The benefits to grid reliability provided by these terms are integral to expansion of this product – one in which a premium is paid by consumers in exchange for FFSS.

Calpine explains it offers these edits to enable FERC-regulated interstate pipelines to qualify for the upcoming term of FFSS. However, ERCOT expects that FERC-regulated interstate pipelines already can meet the requirements with respect to balances of flowing natural gas and estimates ‎of daily and month-to-date receipts and deliveries of natural gas by virtue of the information that they must provide to customers under FERC’s regulations. Further, if Calpine’s changes were adopted, they would be without term limit. In ERCOT’s view, this short-term goal does not justify eliminating these meaningful protections.

**For the reasons outlined above, ERCOT continues to recommend that the R&M Committee and Board recommend approval of NPRR1169 consistent with ERCOT’s 6/12/23 comments.**

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None