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| NPRR Number | [1185](https://www.ercot.com/mktrules/issues/NPRR1185) | NPRR Title | HDL Override Payment Provisions for Verbal Dispatch Instructions |
| Date of Decision | | August 10, 2023 | |
| Action | | Recommended Approval | |
| Timeline | | Normal | |
| Proposed Effective Date | | October 1, 2023 | |
| Priority and Rank Assigned | | Not applicable | |
| Nodal Protocol Sections Requiring Revision | | 6.6.3.6, Real-Time High Dispatch Limit Override Energy Payment | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) adds in a provision for recovery of a demonstrable financial loss arising from a Verbal Dispatch Instruction (VDI) to reduce real power output. | |
| 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 | | Section 6.6.3.6 currently allows for a Qualified Scheduling Entity (QSE) to file a timely dispute to recover a demonstrable financial loss stemming from a manual High Dispatch Limit (HDL) override from the ERCOT Operator. The mechanics of this require the Operator to selectively nominate the Generation Resource to reduce real power output by overriding the HDL value in the Market Operator Interface (MOI) to a lower number that is more suitable to solve a system need (e.g. pre-posturing for an expected Outage).  LCRA understands that this process can be cumbersome and is usually only implemented as a “last resort”. The ERCOT Operator may need to save valuable time by issuing this instruction verbally and that instruction may direct the Generation Resource to adjust its operation to comply with the lower HDL desired. This revision aims to give the ERCOT Operator the flexibility to issue the instruction verbally, while also protecting the QSE from suffering unrecoverable financial losses if an ERCOT Operator needs to deviate from normal procedures. | |
| PRS Decision | | On 7/13/23, PRS voted unanimously to recommend approval of NPRR1185 as submitted. All Market Segments participated in the vote.  On 8/10/23, PRS voted unanimously to endorse and forward to TAC the 7/13/23 PRS Report and 7/18/23 Impact Analysis for NPRR1185. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 7/13/23, the sponsor provided an overview of NPRR1185.  On 8/10/23, there was no discussion. | |

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| **Opinions** | |
| Credit Review | ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed NPRR1185 and do not believe that it requires changes to credit monitoring activity or the calculation of liability. |
| Independent Market Monitor Opinion | To be determined |
| ERCOT Opinion | To be determined |
| ERCOT Market Impact Statement | To be determined |

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

Please note that the following NPRR(s) also propose revisions to Section 6.6.3.6:

* NPRR1190, High Dispatch Limit Override Provision for Increased NOIE Load Costs

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| Proposed Protocol Language Revision |

**6.6.3.6 Real-Time High Dispatch Limit Override Energy Payment**

(1) If ERCOT directs a reduction in a Generation Resource’s real power output by employing a manual High Dispatch Limit (HDL) override, or issues a Verbal Dispatch Instruction (VDI) to a Generation Resource to adjust its operation to produce the same effect, and the reduction causes the QSE to suffer a demonstrable financial loss, the QSE may be eligible for a Real-Time High Dispatch Limit Override Energy Payment, as calculated below, upon providing documented proof of that loss. In order to qualify for this payment the QSE must:

(a) Have complied with ERCOT Dispatch Instructions to reduce real power output;

(b) Have either received a SCED Base Point equal to the Resource’s HDL override value or received a SCED Base Point less than the Resource’s output level at the time of the instruction but greater than or equal to the instructed operating level specified in the VDI, during the 15-minute Settlement Interval;

(c) Have incurred a demonstrable financial loss associated with variable cost components of DAM obligations or energy purchase or sale provisions of bilateral contracts (as opposed to lost opportunity costs), in consequence of the HDL override or VDI that had an equivalent effect; and

(d) File a timely Settlement and billing dispute, including the following items:

(i) An attestation signed by an officer or executive with authority to bind the QSE;

(ii) The dollar amount and calculation of the financial loss by Settlement Interval;

(iii) An explanation of the nature of the loss and how it was attributable to the HDL override or equivalent VDI issued by ERCOT; and

(iv) Sufficient documentation to support the QSE’s calculation of the amount of the financial loss.

(2) ERCOT may request additional supporting documentation or explanation with respect to the submitted materials within 15 Business Days of receipt. Additional information requested by ERCOT must be provided by the QSE within 15 business days of ERCOT’s request. ERCOT will provide Notice of its acceptance or rejection of the claim for the High Dispatch Limit Override Energy Payment within 15 Business Days of the updated submission.

(3) The Energy Offer Curve used to calculate the Real-Time High Dispatch Limit Override Energy Payment will be the most recent valid Energy Offer Curve received by ERCOT that was effective for the disputed interval(s) when the HDL override or equivalent VDI was issued. If no curve exists for the interval being disputed, ERCOT will use the most recent valid Energy Offer Curve received before the HDL override or equivalent VDI was issued for an interval prior to the disputed interval(s).

The payment shall be calculated as follows:

**HDLOEAMT *q, r, p, i* = (-1) \* Min {HDLOAL *q, r, p, i*, Max(0, ((RTSPP*p, i* – RTRSVPOR *i* – RTRDP *i* – RTEOCOST *q, r, i*) \* HDLOQTY *q, r, p, i* ))}**

Where:

HDLOQTY *q, r, p, i* = Max(0, (¼ (HDLOBRKP *q, r, p, i* – AVGHDL *q, r, p, i*)))

HDLOBRKP *q, r, p, i* = Min(AVGHASL *q, r, p, i* , HDLOBRKPCP *q, r, p, i* )

The above variables are defined as follows:

| **Variable** | **Unit** | **Definition** |
| --- | --- | --- |
| HDLOAL ***q, r, p, i*** | $ | *High Dispatch Limit override attested losses -* The financial loss to the QSE due to the HDL override as attested by the QSE in accordance with paragraph (1)(d) above. |
| HDLOEAMT ***q, r, p, i*** | $ | *High Dispatch Limit override energy amount per QSE per Generation Resource*—The payment to QSE *q* for an ERCOT-issued HDL override or equivalent VDI for Generation Resource *r* at Settlement Point *p* for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. |
| HDLOBRKP***q, r, p, i*** | MW | *High Dispatch Limit override break point per QSE per Resource*—The point on the Energy Offer Curve corresponding to the lesser of the AVGHASL or the interception between the RTSPP of the Generation Resource *r* represented by QSE *q* minus the Real-Time Reserve Price for On-Line Reserves and the Real-Time On-Line Reliability Deployment Price and the Energy Offer Curve of Generation Resource *r* represented by QSE *q*, for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. |
| AVGHDL***q, r, p, i*** | MW | *Average High Dispatch Limit per QSE per Settlement Point per Resource*—The time-weighted average of all 4-second HDL values calculated by the Resource Limit Calculator, subject to the maximum of the manual HDL override or equivalent VDI and the telemetered output or consumption, for the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* within the 15-minute Settlement Interval *i*.  For a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train. |
| AVGHASL ***q, r, p, i*** | MW | *Average High Ancillary Service Limit per QSE per Settlement Point per Resource*—The time-weighted average High Ancillary Service Limit (HASL) calculated every four seconds by the Resource Limit Calculator for the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* within the 15-minute Settlement Interval *i*.  For a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train. In the case of a VDI that is equivalent to an HDL override, this value is set equal to the HASL of Generation Resource or Controllable Load Resource *r* at the time that the VDI is issued to the QSE. |
| HDLOBRKPCP*q, r, p, i* | MW | *High Dispatch Limit override break point at clearing price per QSE per Resource*—The MW value on the Energy Offer Curve corresponding to the Real-Time Settlement Point Price of Generation Resource *r* represented by QSE *q* at Settlement Point *p* minus the Real-Time Reserve Price for On-Line Reserves and the Real-Time On-Line Reliability Deployment Price. For a combined cycle Resource, *r* is a Combined Cycle Train. |
| RTEOCOST *q, r, i* | $/MWh | Real-Time Energy Offer Curve Cost Cap - The Energy Offer Curve Cost Cap for Resource *r* represented by QSE *q*, for the Resource’s generation above the LSL for the Settlement Interval *i*. See Section 4.4.9.3.3, Energy Offer Curve Cost Caps. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train. |
| HDLOQTY *q, r, p, i* | MWh | *High Dispatch Limit override quantity per QSE per Generation Resource—* The difference between the HDLOBRKP and the AVGHDL due to an ERCOT-issued HDL override or equivalent VDI for Generation Resource *r* represented by QSE *q* at Settlement Point *p* for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. |
| RTSPP *p, i* | $/MWh | *Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*. |
| RTRSVPOR *i* | $/MWh | *Real-Time Reserve Price for On-Line Reserves*⎯The Real-Time Reserve Price for On-Line Reserves for the 15-minute Settlement Interval *i*. |
| RTRDP *i* | $/MWh | *Real-Time On-Line Reliability Deployment Price* ⎯The Real-Time price for the 15-minute Settlement Interval *i*, reflecting the impact of reliability deployments on energy prices that is calculated from the Real-Time On-Line Reliability Deployment Price Adder. |
| *q* | none | A QSE. |
| *r* | none | A Generation Resource. |
| *p* | none | A Resource Node Settlement Point. |
| *i* | none | A 15-minute Settlement Interval. |

(4) The total compensation to each QSE for an HDL override for the 15-minute Settlement Interval is calculated as follows:

**HDLOEAMTQSETOT *q, i*  = HDLOEAMT *q, r, p, i***

The above variables are defined as follows:

| **Variable** | **Unit** | **Definition** |
| --- | --- | --- |
| HDLOEAMT *q, r, p, i* | $ | *High Dispatch Limit override energy amount per QSE per Generation Resource*—The payment to QSE *q* for an ERCOT-issued HDL override or equivalent VDI for Generation Resource *r* at Settlement Point *p* for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. |
| HDLOEAMTQSETOT *q, i* | $ | *High Dispatch Limit override energy amount QSE total per QSE*—The total of the energy payments to QSE *q* as compensation for HDL overrides for this QSE for the 15-minute Settlement Interval *i*. |
| *q* | none | A QSE. |
| *r* | none | A Generation Resource. |
| *p* | none | A Resource Node Settlement Point. |
| *i* | none | A 15-minute Settlement Interval. |

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| [NPRR1010: Replace Section 6.6.3.6 above with the following upon system implementation of the Real-Time Co-Optimization (RTC) project:]  **6.6.3.6 Real-Time High Dispatch Limit Override Energy Payment**  (1) If ERCOT directs a reduction in a Generation Resource’s real power output by employing a manual High Dispatch Limit (HDL) override, or issues a Verbal Dispatch Instruction (VDI) to a Generation Resource to adjust its operation to produce the same effect, and the reduction causes the QSE to suffer a demonstrable financial loss, the QSE may be eligible for a Real-Time High Dispatch Limit Override Energy Payment, as calculated below, upon providing documented proof of that loss. In order to qualify for this payment the QSE must:  (a) Have complied with ERCOT Dispatch Instructions to reduce real power output;  (b) Have either received a SCED Base Point equal to the Resource’s HDL override value or received a SCED Base Point less than the Resource’s output level at the time of the instruction but greater than or equal to the instructed operating level specified in the VDI, during the 15-minute Settlement Interval;  (c) Have incurred a demonstrable financial loss associated with variable cost components of DAM obligations or energy purchase or sale provisions of bilateral contracts (as opposed to lost opportunity costs), in consequence of the HDL override or VDI that had an equivalent effect; and  (d) File a timely Settlement and billing dispute, including the following items:  (i) An attestation signed by an officer or executive with authority to bind the QSE;  (ii) The dollar amount and calculation of the financial loss by Settlement Interval;  (iii) An explanation of the nature of the loss and how it was attributable to the HDL override or equivalent VDI issued by ERCOT; and  (iv) Sufficient documentation to support the QSE’s calculation of the amount of the financial loss.  (2) ERCOT may request additional supporting documentation or explanation with respect to the submitted materials within 15 Business Days of receipt. Additional information requested by ERCOT must be provided by the QSE within 15 Business Days of ERCOT’s request. ERCOT will provide Notice of its acceptance or rejection of the claim for the High Dispatch Limit Override Energy Payment within 15 Business Days of the updated submission.  (3) The Energy Offer Curve used to calculate the Real-Time High Dispatch Limit Override Energy Payment will be the most recent valid Energy Offer Curve received by ERCOT that was effective for the disputed interval(s) when the HDL override or equivalent VDI was issued. If no curve exists for the interval being disputed, ERCOT will use the most recent valid Energy Offer Curve received before the HDL override or equivalent VDI was issued for an interval prior to the disputed interval(s).  (4) The amount recoverable under this section shall be offset by any Ancillary Service Imbalance revenues received by the QSE that the QSE would not have earned had ERCOT not issued an HDL override.  The payment shall be calculated as follows:  **HDLOEAMT *q, r, p, i* = (-1) \* Min {HDLOAL *q, r, p, i*, Max(0, ((RTSPP*p, i* – RTRDP *i* – RTEOCOST *q, r, i* ) \* HDLOQTY *q, r, p, i* ))}**  Where:  HDLOQTY *q, r, p, i* = Max(0, (¼ (HDLOBRKP *q, r, p, i* – AVGHDL *q, r, p, i*)))  HDLOBRKP *q, r, p, i* = Min(AVGHSL *q, r, p, i* , HDLOBRKPCP *q, r, p, i* )  The above variables are defined as follows:   | **Variable** | **Unit** | **Definition** | | --- | --- | --- | | HDLOAL ***q, r, p, i*** | $ | *High Dispatch Limit override attested losses -* The financial loss to the QSE due to the HDL override as attested by the QSE in accordance with paragraph (1)(d) above. | | HDLOEAMT ***q, r, p, i*** | $ | *High Dispatch Limit override energy amount per QSE per Generation Resource*—The payment to QSE *q* for an ERCOT-issued HDL override or equivalent VDI for Generation Resource *r* at Settlement Point *p* for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. | | HDLOBRKP***q, r, p, i*** | MW | *High Dispatch Limit override break point per QSE per Resource*—The point on the Energy Offer Curve corresponding to the lesser of the AVGHSL or the interception between the RTSPP of the Generation Resource *r* represented by QSE *q* minus the Real-Time Reliability Deployment Price for Energy and the Energy Offer Curve of Generation Resource *r* represented by QSE *q*, for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. | | AVGHDL***q, r, p, i*** | MW | *Average High Dispatch Limit per QSE per Settlement Point per Resource*—The time-weighted average of all 4-second HDL values calculated by the Resource Limit Calculator, subject to the maximum of the manual HDL override or equivalent VDI and the telemetered output or consumption, for the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* within the 15-minute Settlement Interval *i*.  For a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train. | | AVGHSL ***q, r, p, i*** | MW | *Average High Sustained Limit per QSE per Settlement Point per Resource*—The time-weighted average High Sustained Limit (HSL) for the Generation Resource or Controllable Load Resource *r* represented by QSE *q* at Settlement Point *p* within the 15-minute Settlement Interval *i*.  For a Combined Cycle Train, the Resource *r* is a Combined Cycle Generation Resource within the Combined Cycle Train. In the case of a VDI that is equivalent to an HDL override, this value is set equal to the HSL of Generation Resource or Controllable Load Resource *r* at the time that the VDI is issued to the QSE. | | HDLOBRKPCP*q, r, p, i* | MW | *High Dispatch Limit override break point at clearing price per QSE per Resource*—The MW value on the Energy Offer Curve corresponding to the Real-Time Settlement Point Price of Generation Resource *r* represented by QSE *q* at Settlement Point *p* minus the Real-Time Reliability Deployment Price for Energy. For a combined cycle Resource, *r* is a Combined Cycle Train. | | RTEOCOST *q, r, i* | $/MWh | *Real-Time Energy Offer Curve Cost Cap—*The Energy Offer Curve Cost Cap for Resource *r* represented by QSE *q*, for the Resource’s generation above the Low Sustained Limit (LSL) for the Settlement Interval *i*. See Section 4.4.9.3.3, Energy Offer Curve Cost Caps. Where for a Combined Cycle Train, the Resource *r* is the Combined Cycle Train. | | HDLOQTY *q, r, p, i* | MWh | *High Dispatch Limit override quantity per QSE per Generation Resource—* The difference between the HDLOBRKP and the AVGHDL due to an ERCOT-issued HDL override or equivalent VDI for Generation Resource *r* represented by QSE *q* at Settlement Point *p* for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. | | RTSPP *p, i* | $/MWh | *Real-Time Settlement Point Price per Settlement Point*—The Real-Time Settlement Point Price at Settlement Point *p*, for the 15-minute Settlement Interval *i*. | | RTRDP *i* | $/MWh | *Real-Time Reliability Deployment Price* *for Energy*⎯The Real-Time price for the 15-minute Settlement Interval *i*, reflecting the impact of reliability deployments on energy prices that is calculated from the Real-Time Reliability Deployment Price Adder for Energy. | | *q* | none | A QSE. | | *r* | none | A Generation Resource. | | *p* | none | A Resource Node Settlement Point. | | *i* | none | A 15-minute Settlement Interval. |   (5) The total compensation to each QSE for an HDL override for the 15-minute Settlement Interval is calculated as follows:  **HDLOEAMTQSETOT *q, i*  = HDLOEAMT *q, r, p, i***  The above variables are defined as follows:   | **Variable** | **Unit** | **Definition** | | --- | --- | --- | | HDLOEAMT *q, r, p, i* | $ | *High Dispatch Limit override energy amount per QSE per Generation Resource*—The payment to QSE *q* for an ERCOT-issued HDL override or equivalent VDI for Generation Resource *r* at Settlement Point *p* for the 15-minute Settlement Interval *i*. For a combined cycle Resource, *r* is a Combined Cycle Train. | | HDLOEAMTQSETOT *q, i* | $ | *High Dispatch Limit override energy amount QSE total per QSE*—The total of the energy payments to QSE *q* as compensation for HDL overrides for this QSE for the 15-minute Settlement Interval *i*. | | *q* | none | A QSE. | | *r* | none | A Generation Resource. | | *p* | none | A Resource Node Settlement Point. | | *i* | none | A 15-minute Settlement Interval. | |