



## **Item 5.1: TAC Report regarding Non-Unanimous and Other Selected Revision Requests Recommended by TAC for Board Approval**

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Segment

Reliability and Markets Committee Meeting

ERCOT Public  
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# Committee Request

Why this is being presented today:

To present the Technical Advisory Committee (TAC) recommendations on the following Revision Requests that were recommended by TAC for Board approval, for which the R&M Committee is expected to vote on a recommendation to the Board:

- NPRR1165, Revisions to Requirements of Providing Audited Financial Statements and Providing Independent Amount
  - Recommended for approval by TAC with one opposing vote
- NPRR1186, Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring - URGENT
  - Recommended for approval by TAC with three opposing votes and five abstentions
- OBDRR048, Implementation of Operating Reserve Demand Curve (ORDC) Multi-Step Price Floor
  - Recommended for approval by TAC with seven opposing votes and one abstention
- VCMRR034, Excluding RUC Approved Fuel Costs from Fuel Adders
  - Recommended for approval by TAC with one opposing vote and three abstentions

## ***NPRR1165, Revisions to Requirements of Providing Audited Financial Statements and Providing Independent Amount***

<b>Purpose (ERCOT)</b>	This NPRR strengthens ERCOT's market entry eligibility and continued participation requirements for ERCOT Counter-Parties (i.e., Qualified Scheduling Entities (QSEs) and Congestion Revenue Right (CRR) Account Holders).
<b>TAC Vote</b>	On 7/25/23, TAC voted to recommend approval of NPRR1165 as recommended by PRS in the 7/13/23 PRS Report. There was one opposing vote from the Municipal (CPS Energy) Market Segment.
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR1165 and believes the market impact for NPRR1165 strengthens ERCOT's market entry eligibility and continued participation requirements for ERCOT Counter-Parties (i.e., QSEs and CRR Account Holders).
<b>Effective Date/Priority</b>	Upon system implementation – Priority 2023; Rank 3800
<b>ERCOT Impact</b>	Between \$50K and \$100K; impacts to Credit Management Systems (CMM); ERCOT business processes will be updated;
<b>Business Case Highlights</b>	NPRR1112, Elimination of Unsecured Credit Limits, eliminates unsecured credit extended to ERCOT Counter-Parties effective October 1, 2023. The Protocols currently allow Counter-Parties to avoid posting Independent Amounts based on their own financial statements. A Counter-Party may also avoid posting the Independent Amount by providing its parent's or a third-party's financial statements. This is accomplished by posting a Guarantee Agreement with a face-value of a nominal amount (generally, \$5,000). Allowing Counter-Parties to avoid paying the Independent Amount is inconsistent with the policy underlying NPRR1112, which eliminated unsecured credit. Under the proposed revision, all Counter-Parties will be required to post an Independent Amount, which further protects ERCOT marketplace from potential losses. Additionally, financial statements of a non-parent company do not provide useful information to ERCOT in evaluating the financial condition of Counter-Parties. However, it is beneficial for ERCOT to be able to review financial statements of either the Counter-Party or its Ultimate Parent. This NPRR clarifies that financial statements of either the Counter-Party or its Ultimate Parent are required by ERCOT and adds a definition of Ultimate Parent to be "an Entity that is not controlled by any other Entity."



## ***NPRR1186, Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring – URGENT***

<b>Purpose (ERCOT)</b>	This NPRR is the first of two NPRRs that ERCOT has prepared to improve the awareness, accounting, and monitoring of the State of Charge (SOC) for an ESR. This particular NPRR is for the interim period which is described as the time period before the RTC+B project goes live. The target go-live date for the RTC+B project is expected to be several years away and the language and changes in this first NPRR are aimed to strategically improve SOC awareness, accounting, and monitoring with minimal system changes so that the improvements can be in place while the RTC+B project is completed.
<b>TAC Vote</b>	On 8/22/23, TAC voted to recommend approval of NPRR1186 as recommended by PRS in the 8/10/23 PRS Report; with a recommended effective date of upon system implementation for all sections except grey-boxed paragraph (4) of Section 8.1, which will be effective no earlier than three months after system implementation of NPRR1186. There were three opposing votes from the Consumer (City of Dallas), Independent Generator (Jupiter Power), and IREP (Demand Control 2) Market Segments; and five abstentions from the Consumer (2) (CMC Steel, Air Liquide), IPM (Tenaska), IREP (2) (Rhythm Ops, APG&E) Market Segments.
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR1186 and believes the market impact for NPRR1186 provides a necessary, cost-effective, interim solution to improve the awareness, accounting, and monitoring of SOC for the growing number of ESRs on the system until the implementation of the RTC+B project.
<b>Effective Date/Priority</b>	Upon system implementation – Priority 2023; Rank 3595, for all sections except the grey-boxed paragraph (4) of Section 8.1, which will be effective no earlier than three months after system implementation of NPRR1186
<b>ERCOT Impact</b>	Between \$500K and \$700K; impacts to Market Operation Systems, Data Management & Analytic Systems, Energy Management Systems, Integration Systems, Grid Modeling Systems, Grid Decision Support Systems; ERCOT business processes will be updated;
<b>Business Case Highlights</b>	As of June 1, 2023 there were approximately 3,300 MW of batteries energized on the ERCOT System. Assuming all of the projects in the queue that have an “IA signed and Financial Security Posted” progress as indicated; the total is estimated to be 9,500 MW of batteries by October 2024. This NPRR strategically provides improvements on the awareness, accounting, and monitoring of SOC for ESRs while the RTC+B project is being implemented. The NPRR also provides information and guidelines to the QSEs representing the ESRs so that they can more accurately inform ERCOT of the capability of each ESR. The implementation of this NPRR will allow ERCOT to confidently evaluate the capability of these ESRs for the key hours in which the need for dispatchable generation is needed. Much of the work done to implement this NPRR is carried over to the RTC+B project.

## ***OBDRR048, Implementation of Operating Reserve Demand Curve (ORDC) Multi-Step Price Floor***

<b>Purpose</b> (ERCOT)	The Other Binding Document Revision Request (OBDRR) adds two price floors to the Operating Reserve Demand Curve (ORDC): one at reserve levels below 6,500 megawatts (MW) (\$20 per megawatt hour (MWh)), and another between 6,500 MW and 7,000 MW (\$10 per MWh).
<b>TAC Vote</b>	On 8/22/23, TAC voted to recommend approval of OBDRR048 as submitted and the 8/11/23 Impact Analysis. There were seven opposing votes from the Consumer (6) (City of Eastland, City of Dallas, CMC Steel, Air Liquide, Residential Consumer, OPUC) and IREP (Demand Control 2) Market Segments and one abstention from the IREP (Rhythm Ops) Market Segment.
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed OBDRR048 and believes the market impact for OBDRR048 implements the PUCT-directed multi-step ORDC price floor, sends an ongoing signal for generators to self-commit, and incentivizes supply to increase in Real-Time, which will minimize ERCOT's need to utilize the Reliability Unit Commitment (RUC) to commit out-of-market Resources.
<b>Effective Date/Priority</b>	October 1, 2023
<b>ERCOT Impact</b>	Less than \$10k; impacts to Market Operation Systems
<b>Business Case Highlights</b>	This OBDRR implements the Public Utility Commission of Texas (PUCT)-directed Multi-Step ORDC Price Floor. These measures will send an ongoing signal for generators to self-commit and will incentivize supply to increase in Real-Time which will minimize ERCOT's need to utilize the Reliability Unit Commitment (RUC) to commit out-of-market Resources.

## VCMRR034, Excluding RUC Approved Fuel Costs from Fuel Adders

<b>Purpose</b> (ERCOT)	This Verifiable Cost Manual Revision Request (VCMRR) provides that actual fuel purchases that were used to determine the Reliability Unit Commitment (RUC) Guarantee, as described in Protocol Section 9.14.7, Disputes for RUC Make-Whole Payment for Fuel Costs, shall not also be included when calculating fuel adders.
<b>TAC Vote</b>	On 7/25/23, TAC voted to recommend approval of VCMRR034 as recommended by WMS in the 7/12/23 WMS Report. There was one opposing vote in the Independent Generator (Luminant) Market Segment, and three abstentions in the Independent Generator (Calpine, ENGIE, Jupiter Power) Market Segments.
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed VCMRR034 and believes the market impact for VCMRR034 is the correct compensation for Resources for actual fuel costs via the dispute process pursuant to Protocol Section 9.14.7.
<b>Effective Date/Priority</b>	October 1, 2023
<b>ERCOT Impact</b>	No impact
<b>Business Case Highlights</b>	Pursuant to Section 3.4, a Filing Entity may file a fuel adder for a specific Resource. Fuel adders are used by ERCOT in various calculations, including the determination of Startup and minimum-energy caps, Make-Whole Payments, and the Mitigated Offer Cap (MOC). The purpose of fuel adders is to compensate the Resource for the incremental cost of transporting, storing, and purchasing fuel that is not covered by the index fuel price used by ERCOT. Resources that received a RUC are able to recover their actual fuel cost by filing a dispute per Protocol Section 9.14.7. Given that Resources recover the cost of these fuel purchases via a dispute, it is inappropriate to also include these fuel purchases with Fuel adders. Otherwise, the Resource could recover the cost of the same fuel purchase multiple times via future Make-Whole Payments or clearing prices.