



Item 6.1: TAC Report regarding R&M Committee Charter Revision Requests Recommended for Board Approval

Clif Lange

2023 Technical Advisory Committee (TAC)
Chair

Reliability and Markets Committee Meeting

ERCOT Public

December 18-19, 2023

Committee Request

Why this is being presented today:

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

- NPRR1172, Fuel Adder Definition, Mitigated Offer Caps, and RUC Clawback
 - Recommended for approval by TAC with five opposing votes

NPRR1172, Fuel Adder Definition, Mitigated Offer Caps, and RUC Clawback

Purpose	This Nodal Protocol Revision Request (NPRR) removes the Mitigated Offer Cap (MOC) multipliers, and creates a 100% clawback for Reliability Unit Commitment (RUC). This NPRR also sets the Three-Part Supply Offers that ERCOT creates at 100% of the approved verifiable costs or generic costs.
Sponsor	Residential Consumer, OPUC, City of Eastland, TIEC, Texas Steel Mills
TAC Vote	On 10/24/23, TAC voted to recommend approval of NPRR1172 as recommended by PRS in the 10/12/23 PRS Report; and the 10/17/23 Revised Impact Analysis. There were five opposing votes from the Cooperative (2) (GSEC, STEC) and Independent Generator (3) (Calpine, ENGIE, Luminant) Market Segments, and two abstentions from the Independent Generator (Jupiter Power) and IPM (Tenaska) Market Segments.
ERCOT Market Impact Statement	ERCOT Staff has reviewed NPRR1172 and believes it will have a positive market impact as the proposed changes will incentivize Resources to self-commit and reduce Reliability Unit Commitments (RUCs) by changing the clawback factors in RUC Clawback Charge Settlement to 100% and improves language to better align with the current market design and operation.
Effective Date/Priority	Phase 1 – The first of the month following Public Utility Commission of Texas (PUCT) approval; Phase 2 – Upon system implementation (Priority 2024; Rank 4070)
ERCOT Impact	Phase 1 – Less than \$5K (O&M), Phase 2 – Between \$65K and \$85K; impacts to Settlements & Billing Systems, Market Operation Systems, Data Management & Analytic Systems, ERCOT Website and MIS Systems, and Channel Management Systems; ERCOT business processes will be updated
Business Case Highlights	The MOC multipliers are outdated and reflect a market design prior to the inclusion of the Operating Reserve Demand Curve (ORDC) Fuel Adder and the Exceptional Fuel Cost process. A 100% clawback for RUC eliminates possible incentives for a Resource to be used for RUC and should encourage self-commitment and reduce the needs for RUCs will still allowing Resources to recover their fuel costs.