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| NPRR Number | [1197](https://www.ercot.com/mktrules/issues/NPRR1197) | NPRR Title | Optional Exclusion of Load from Netting at ERCOT-Polled Settlement (EPS) Metering Facilities which Include Resources |
| Date of Decision | | March 20, 2024 | |
| Action | | Recommended Approval | |
| Timeline | | Normal | |
| Estimated Impacts | | Cost/Budgetary: None  Project Duration: No project required | |
| Proposed Effective Date | | The first of the month following Public Utility Commission of Texas (PUCT) approval | |
| Priority and Rank Assigned | | Not applicable | |
| Nodal Protocol Sections Requiring Revision | | 10.3.2.3, Generation Netting for ERCOT-Polled Settlement Meters  11.1.6, ERCOT-Polled Settlement Meter Netting | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) adds the ability for Resources to separately meter and settle Load(s) located behind the ERCOT-Polled Settlement (EPS) metering point at the Resource’s Point of Interconnection (POI). | |
| Reason for Revision | | [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 1 – Be an industry leader for grid reliability and resilience  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 2 - Enhance the ERCOT region’s economic competitiveness with respect to trends in wholesale power rates and retail electricity prices to consumers  [Strategic Plan](https://www.ercot.com/files/docs/2023/08/25/ERCOT-Strategic-Plan-2024-2028.pdf) Objective 3 - Advance ERCOT, Inc. as an independent leading industry expert and an employer of choice by fostering innovation, investing in our people, and emphasizing the importance of our mission  General system and/or process improvement(s)  Regulatory requirements  ERCOT Board/PUCT Directive  *(please select ONLY ONE – if more than one apply, please select the ONE that is most relevant)* | |
| Justification of Reason for Revision and Market Impacts | | These revisions to Section 10.3.2.3 create a process for Resources to net Loads and generation behind a single EPS Meter. For projects with auxiliary Loads, netting of these Loads can impact the expected performance of the project as measured at the POI. The proposed language allows for a Resource Entity to meter Loads and exclude it from a netting arrangement and settle this Load with a separate TDSP Electric Service Identifier (ESI ID) with a Load Serving Entity (LSE). | |
| PRS Decision | | On 10/12/23, PRS voted unanimously to table NPRR1197 and refer the issue to WMS. All Market Segments participated in the vote.  On 2/8/24, PRS voted to recommend approval of NPRR1197 as amended by the 2/7/24 Oncor comments as revised by PRS. There was one opposing vote from the Cooperative (STEC) Market Segment and three abstentions from the Consumer (Residential Consumer), Cooperative (Brazos), and Independent Generator (Constellation) Market Segments. All Market Segments participated in the vote.  On 3/20/24, PRS voted to endorse and forward to TAC the 2/8/24 PRS Report and 2/28/24 Impact Analysis for NPRR1197. There was one abstention from the Cooperative (STEC) Market Segment. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 10/12/23, participants noted the 10/11/23 WMS comments and the desire for continued discussion of NPRR1197 at the Metering Working Group (MWG).  On 2/8/24, participants reviewed the 2/2/24 Engie comments and 2/7/24 Oncor comments to NPRR1197. Opponents restated their concern that NPRR1197 codifies into Protocols the metering situation they’d attempted to prohibit in the recently rejected NPRR1194, Wholesale Storage Load Auxiliary Netting.  On 3/20/24, there was no discussion. | |

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| **Opinions** | |
| Credit Review | ERCOT Credit Staff and Credit Finance Sub Group (CFSG) have reviewed NPRR1197 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** |
| ERCOT 101023 | Updated title, clarified the process for requested that and EPS Meter be installed to meter other auxiliary Load at a Generation site, and allowed auxiliary Load to be excluded from the Generation site netting process |
| WMS 101123 | Requested PRS table NPRR1197 for further review by MWG |
| Engie 101323 | Removed requirement for mutual agreement between the connecting Transmission Service Provider (TSP), Distribution Service Provider (DSP), and Resource Entity |
| WMS 110123 | Requested PRS continue to table NPRR1197 for further review by MWG |
| WMS 011024 | Endorsed NPRR1197 as amended by the 10/10/23 ERCOT comments |
| Engie 020224 | Proposed additional edits to the 10/10/23 ERCOT comments to clarify the mutual agreement between all impacted parties for the proposed metering arrangement |
| Oncor 020724 | Proposed additional edits to the 10/10/23 ERCOT comments clarifying the list of potential impacted parties for the proposed metering arrangement |

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| **Market Rules Notes** |

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

* NPRR1188, Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources
  + Section 10.3.2.3
  + Section 11.1.6

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| Proposed Protocol Language Revision |

**10.3.2.3 Generation Netting for ERCOT-Polled Settlement Meters**

(1) Each Generation Resource and Settlement Only Generator (SOG) and each Load that is designated to be netted with that Generation Resource or SOG, including construction and maintenance Load that is netted with existing generation auxiliaries, must be physically metered at its POI to the ERCOT Transmission Grid or Service Delivery Point, or, in accordance with Section 10.3.2.2, Loss Compensation of EPS Meter Data, loss-compensated to its POI to the ERCOT Transmission Grid. Interval Data Recorders (IDRs) must be used to determine generator output or Load usage. In the intervals where the generation output exceeds the Load, the net must be settled as generation. In the intervals where the Load exceeds the generation output, the net must be settled as Load, and carry any applicable Load shared charges and credits.

(2) For Settlement purposes, netting is not allowed except under the configurations described in paragraphs (2)(a) through (2)(e) below, and only if the service arrangement is otherwise lawful. ERCOT has no obligation to independently determine whether a site configuration that includes both Loads and Generation Resource(s) or SOGs complies with Public Utility Regulatory Act (PURA) or the Public Utility Commission of Texas (PUCT) Substantive Rules, and ERCOT’s approval of a metering proposal for such a site is not a verification of the legality of that arrangement:

(a) Single POI or Service Delivery Point;

(b) Transmission-level interconnections where all POIs are located at the same substation, at the same voltage, and under normal operating conditions, are interconnected through common electrical equipment such as circuit breakers, connecting cables, bus bars, switches/isolators. Qualifying station arrangements include, but are not limited to, Generation and Load connected in a line bus, ring bus, double-breaker, or breaker-and-a-half configuration;

(c) Multiple POIs where the Loads and generator output are electrically connected to a common switchyard, as defined in paragraph (7) below. In addition, there must be sufficient generator capacity to serve all plant Loads for netting to occur;

(d) A Qualifying Facility (QF) with POIs, where the QF is selling energy to a thermal host, may net the Load meters of the thermal host with the QF’s generation meters when the Load and generation are electrically connected to a common switchyard. In instances in which Load is served by new on-site generation through a common switchyard, the TSP or DSP may install monitoring equipment necessary for measuring Load to determine stranded cost charges, if any are applicable, as determined under the PURA and applicable PUCT rules. For purposes of this Section, new on-site generation has the meaning as contained in Public Utility Regulatory Act, Tex. Util. Code Ann. §§ 39.252 and 39.262(k) (Vernon 1998 & Supp. 2007) (PURA); or

(e) For Generation Resources and/or Load with flow-through on a private, contiguous transmission system (not included in a TSP or DSP rate base) and in a configuration existing as of October 1, 2000, the meters at the interconnections with the ERCOT Transmission Grid may be netted for the purpose of determining Generation Resources or Load. For Settlement purposes, when the net is a Load, the metered interconnection points must be assigned to the same Load Zone and Unaccounted for Energy (UFE) zone.

(3) For Energy Storage Resource (ESR) sites, Wholesale Storage Load (WSL) must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities.

(a) For configurations where the Resource Entity telemeters an auxiliary Load value to the EPS Meter:

(i) The total energy into the ESR must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities; and

(ii) The auxiliary Load energy shall be stored in the EPS Meter’s IDR, per channel assignments defined in the SMOG.

(b) For configurations where the WSL is not at a POI, it must be metered behind a single POI metering point, per the requirements in paragraph (3) or (3)(a) above; and

(c) WSL for a compressed air energy storage Load Resource is exempt from the requirement to be electrically connected to a common switchyard, as defined in paragraph (7) below.

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| ***[NPRR995: Replace paragraph (3) above with the following upon system implementation:]***  (3) For Energy Storage Resource (ESR), Settlement Only Distribution Energy Storage System (SODESS), or Settlement Only Transmission Energy Storage System (SOTESS) sites, Wholesale Storage Load (WSL) must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities.  (a) For configurations where the Resource Entity telemeters an auxiliary Load value to the EPS Meter:  (i) The total energy into the ESR, SODESS, or SOTESS must be separately metered from all other Loads and generation, and must be metered using EPS Metering Facilities; and  (ii) The auxiliary Load energy shall be stored in the EPS Meter’s IDR, per channel assignments defined in the SMOG.  (b) For configurations where the WSL is not at a POI, it must be metered behind a single POI metering point, per the requirements in paragraph (3) or (3)(a) above; and  (c) WSL for a compressed air energy storage Load Resource is exempt from the requirement to be electrically connected to a common switchyard, as defined in paragraph (7) below. |

(4) ERCOT shall maintain descriptions of the Metering Facilities of all common switchyards that contain multiple POIs of Loads (ESI IDs) and generation meters (EPS). The description is limited to identifying the Entities within a common switchyard and a simplified diagram showing the metering configuration of all Supervisory Control and Data Acquisition (SCADA) and Settlement Metering points.

(5) All Load(s) included in the netting arrangement for an EPS Metering Facility shall only be electrically connected to the ERCOT Transmission Grid through the EPS metering point(s) for such Facility.  Such Loads shall not be electrically connected to the ERCOT Transmission Grid through electrical connections that are not metered by the EPS metering point(s) for the Facility.

(6) Notwithstanding the requirements of paragraph (5) above, auxiliary Load(s) connected to the station service transformer not to exceed 500 kW in aggregate shall be permitted an additional electrical connection to a TSP’s or DSP’s Facilities through a separately metered Transmission and/or Distribution Service Provider (TDSP) read metering point. In locations subject to multiple certificated service areas, the Resource Entity shall notify each DSP that has the right to serve in the service area of the proposed connection. This configuration requires mutual agreement between the connecting TSP, DSP, and Resource Entity, and the connection shall be achieved through an open transition load transfer switch listed for emergency service and shall only be used in emergency and maintenance situations.

(7) For purposes of this Section, a common switchyard is defined as an electric substation Facility where the POI for Load and Generation Resources are located at the same Facility but where the interconnection points are physically not greater than 400 yards apart. The physical connections of the Load to its POI and the Generation Resource to its POI cannot be Facilities that have been placed in a TSP’s or DSP’s rate base.

(8) Notwithstanding any other provision in this Section, for any Generation Resource or ESR that is configured to serve a Customer Load as part of a Private Microgrid Island (PMI), the connection to the Customer Load in the PMI configuration shall be located behind the EPS metering point at the Resource’s POI. For a PMI configuration that includes an ESR that is receiving WSL treatment for charging Load, an EPS Meter shall be located to measure the ESR’s gross output net of any internal telemetered auxiliary Load, and a separate TDSP ESI ID (for nodal Settlement) with a Load Serving Entity (LSE) association must be established for the site prior to service of any Load.

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| ***[NPRR945: Insert paragraph (9) below upon system implementation:]***  (9) ERCOT shall post on the ERCOT website a report listing all Generation Resources or Settlement Only Generators (SOGs) that have achieved commercial operations, excluding Decommissioned Generation Resources, Mothballed Generation Resources, and decommissioned SOGs, whose Resource Registration data indicates that the Generation Resource or SOG is part of a Private Use Network. The report must identify the name of the Generation Resource or SOG site, its nameplate capacity, and the date the Generation Resource or SOG was added to the report. The report shall not identify any confidential, customer-specific information regarding netted loads. ERCOT shall update the list at least monthly. |

(10) Notwithstanding any other provision in this Section, for any Generation Resource or ESR that elects for Load(s) located behind the EPS metering point at the Resource’s POI to be excluded from the netting arrangement for an EPS Metering Facility, a Load EPS meter shall be located behind the EPS metering point at the Resource’s POI and a separate TDSP ESI ID with an LSE association must be established for the site prior to Load(s) being removed from the netting arrangement. This configuration requires mutual agreement between the connecting TSP, DSP, Resource Entities, and any other Load(s) behind the EPS metering point. The above requirement to have a separate TDSP ESI ID with an LSE association does not apply to EPS Metering Facilities that are located behind a NOIE meter point.

***11.1.6 ERCOT-Polled Settlement Meter Netting***

(1) As allowed by Section 10, Metering, of these Protocols, ERCOT will perform the approved netting schemes, which sum the meters at a given Generation Resource site.

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| ***[NPRR1002: Replace paragraph (1) above with the following upon system implementation:]***  (1) As allowed by Section 10, Metering, of these Protocols, ERCOT will perform the approved netting schemes, which sum the meters at a given Generation Resource, or Energy Storage Resource (ESR) site. |

(2) Both Load consumption and Generation Resource production meters will be combined together to obtain a total amount of Load or Resource.

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| ***[NPRR1002: Replace paragraph (2) above with the following upon system implementation:]***  (2) Both Load consumption and generation production meters will be combined together to obtain a total amount of Load or generation. |

(3) For a Generation Resource site with Wholesale Storage Load (WSL):

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| ***[NPRR995 and NPRR1002: Replace applicable portions of paragraph (3) above with the following upon system implementation:]***  (3) For an ESR site: |

(a) WSL is measured by the corresponding EPS Meter, except that when a Resource Entity for an Energy Storage Resource (ESR) communicates its auxiliary Load value to the EPS Meter, WSL is calculated by subtracting the auxiliary Load from the total Load measured by the corresponding EPS meter. If the calculated auxiliary Load is greater than the total Load, WSL shall be zero.

(b) For WSL that is metered behind the POI metering point, the WSL will be added back into the POI metering point to determine the net flows for the POI metering point.

(c) For WSL that is separately metered at the POI, the WSL will not be included in the determination of whether the generation site is net generation or net Load for the purpose of Settlement.

(4) For an ESR that has separately metered its charging Load, but elects not to receive WSL treatment, the Non-WSL ESR Charging Load for the 15-minute interval shall be determined using the metered ESR charging Load.

(5) For an ESR that has not separately metered its charging Load, or has forfeited WSL treatment pursuant to paragraph (3) of Section 10.2.4, Resource Entity Calculation and Telemetry of ESR Auxiliary Load Values, the Non-WSL ESR Charging Load for the 15-minute interval shall be equal to the total metered ESR Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:

(a) The lesser of the total metered ESR Load or X MWh, where X is calculated as 15% of the ESR’s nameplate capacity multiplied by 0.25; or

(b) 15% of the total metered ESR Load for the 15-minute interval.

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| ***[NPRR995: Insert paragraphs (6) and (7) below upon system implementation:]***  (6) For a Settlement Only Distribution Energy Storage System (SODESS) or Settlement Only Transmission Energy Storage System (SOTESS) that has been approved for WSL treatment and has a single POI or Service Delivery Point:  (a) For withdrawals from the ERCOT System consisting of only WSL or WSL in combination with auxiliary Load:  (i) WSL is measured by the corresponding EPS Meter, except when a Resource Entity communicates its auxiliary Load value to the EPS Meter, WSL is calculated by subtracting the auxiliary Load from the total Load measured by the corresponding EPS meter. If the calculated auxiliary Load is greater than the total Load, WSL shall be set to zero.  (ii) For measured or calculated WSL that is behind the POI or Service Delivery Point, the WSL will be added back into the POI or Service Delivery Point metering point to determine the net flows for the POI or Service Delivery Point metering point.  (b) For withdrawals from the ERCOT System that include Load other than WSL Load or auxiliary Load:  (i) The charging Load is measured by the corresponding EPS Meter, except that when the Resource Entity communicates its auxiliary Load value to the EPS Meter, the charging Load is calculated by subtracting the auxiliary Load from the total SODESS or SOTESS Load measured by the corresponding EPS meter. If the calculated auxiliary Load is greater than the total SODESS or SOTESS Load, the charging Load shall be set to zero.  (ii) Where injections are exclusively the result of generation from an SODESS or SOTESS, the WSL quantity shall be determined through the use of a generation accumulator, which is calculated as the accumulated output measured at the POI or Service Delivery Point minus the accumulated charging Load receiving WSL treatment. The charging Load that is less than or equal to the generation accumulator will be settled as WSL for each 15-minute interval.  (iii) Where injections are the result of a combination of SODESS or SOTESS and non-SODESS or non-SOTESS generation, the output channel of the EPS meter that measures charging Load is required to be used for Settlement. For these sites, the WSL quantity shall be determined through the use of a generation accumulator, which is calculated as the lesser of (i) the accumulated SODESS or SOTESS output or (ii) the accumulated output measured at the POI or Service Delivery Point minus the accumulated charging Load receiving WSL treatment. The charging Load that is less than or equal to the generation accumulator will be settled as WSL for each 15-minute interval.  (iv) For measured or calculated charging Load that is behind the POI or Service Delivery Point, the charging Load will be added back into the POI or Service Delivery Point metering point to determine the net flows for the POI or Service Delivery Point metering point.  (7) For an SODESS or SOTESS that either has not elected or has not been approved for WSL treatment and has a single POI or Service Delivery Point:  (a) For withdrawals from the ERCOT System consisting of only charging Load or charging Load in combination with auxiliary Load, the Non-WSL Settlement Only Charging Load for the 15-minute Settlement Interval shall be determined as follows:  (i) The metered charging Load that would otherwise be eligible for WSL; or  (ii) The total metered SODESS or SOTESS Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:  (A) The lesser of the total metered Load or X MWh, where X is calculated as 15% of the nameplate capacity of the ESS multiplied by 0.25; or  (B) 15% of the total SODESS or SOTESS metered Load.  (b) For withdrawals from the ERCOT System that include Load other than Non-WSL Settlement Only Charging Load or auxiliary Load, the Non-WSL Settlement Only Charging Load for the 15-minute settlement interval shall be determined as follows:  (i) Where injections are exclusively the result of generation from an SODESS or SOTESS, the Non-WSL Settlement Only Charging Load quantity shall be determined through the use of a generation accumulator, which is calculated as the accumulated output measured at the POI or Service Delivery Point minus the metered or calculated charging Load determined in option (A) or (B) below:  (A) Where the charging Load is separately metered, the accumulated metered charging Load that would otherwise be eligible for WSL; or  (B) Where the charging Load is not separately metered, the accumulated total metered SODESS or SOTESS Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:  (1) The lesser of the total SODESS or SOTESS metered Load or X MWh, where X is calculated as 15% of the nameplate capacity of the SODESS or SOTESS multiplied by 0.25; or  (2) 15% of the total SODESS or SOTESS metered Load.  (ii) Where injections are the result of a combination of generation from SODESS or SOTESS and other generating facilities, the output channel of the EPS meter that measures charging Load is required to be used for Settlement. For these sites, the Non-WSL Settlement Only Charging Load quantity shall be determined through the use of a generation accumulator, which is calculated as the lesser of (a) the accumulated SODESS or SOTESS output or (b) the accumulated output measured at the POI or Service Delivery Point minus:  (A) Where the charging Load is separately metered, the accumulated metered charging Load that would otherwise be eligible for WSL; or  (B) Where the charging Load is not separately metered, the accumulated total metered SODESS or SOTESS Load minus auxiliary Load, where auxiliary Load is calculated as the greater of the following:  (1) The lesser of the total metered Load or X MWh, where X is calculated as 15% of the nameplate capacity of the SODESS or SOTESS multiplied by 0.25; or  (2) 15% of the total SODESS or SOTESS metered Load.  (iii) For each 15-minute interval, the metered or calculated charging Load that is less than or equal to the generation accumulator will be settled as Non-WSL Settlement Only Charging Load. |

(6) For a Generation Resource or ESR that excludes its Load(s) from the netting arrangement pursuant to paragraph (10) of Section 10.3.2.3, Generation Netting for ERCOT-Polled Settlement Meters:

(a) Non-charging Load(s) are measured by the corresponding EPS Meter, except that when a Resource Entity for an ESR communicates its non-charging Load(s) value(s) to the EPS Meter using approved calculation methods.

(b) For non-charging Load(s) that are metered behind the POI metering point, the Load will be added back into the POI metering point to determine the net flows for the POI metering point.

(c) For non-charging Load(s) that are separately metered at the POI, the non-charging Load will not be included in the determination of whether the generation site is net generation or net Load for the purpose of Settlement.