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| NPRR Number | [1190](https://www.ercot.com/mktrules/issues/NPRR1190) | NPRR Title | High Dispatch Limit Override Provision for Increased NOIE Load Costs |
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| Date | | March 4, 2024 | |
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| Submitter’s Information | | | |
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| Cell Number | |  | |
| Market Segment | | Not applicable | |

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| Comments |

ERCOT submits these comments to Nodal Protocol Revision Request (NPRR) 1190 to provide a general background on how Section 6.6.3.6, Real-Time High Dispatch Limit Override Energy Payment, was introduced in the Protocols. In addition, these comments offer feedback to Mr. Eric Goff and Reliant comments submitted on Nov 17, 2023, and Dec 4, 2023, respectively.

The current Protocol language for High Dispatch Limit Override Energy Payment was introduced with NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Overrides, which was filed as a result of a settlement agreement reached with Odessa Ector Power Partners (Odessa), LP and the Public Utility Commission of Texas (PUCT), to resolve the proceeding filed by Odessa in Docket # 41790. NPRR649, was thoroughly vetted through the stakeholder process and eventually approved by the ERCOT Board of Directors (Board) on April 19, 2016, after more than 19 months under review and deliberation by Market Participants. Hence, ERCOT believes that our current interpretation of the Protocols regarding the applicability of financial losses based on energy purchase or sale provisions of bilateral contracts is consistent with the intent of NPRR649 as approved by the Board.

Per the changes to the Protocols submitted by Austin Energy, et al with NPRR1190, the main purpose of this NPRR is to allow Non-Opt-In Entities (NOIEs) to recover a demonstrable financial loss due to a manual High Dispatch Limit (HDL) override to reduce a Resource’s real power output when the output of the Resource is intended to meet NOIE Load obligations. Unlike other Qualified Scheduling Entities (QSEs), a NOIE must serve the Load within its service territories. To meet this obligation, NOIEs use multiple sources, including its own Generation Resources. Not all NOIEs have written bilateral contracts between their Resources and the Loads they must serve. Therefore, an additional provision is included with NPRR1190 to allow NOIEs to be able to recover their demonstrable financial losses when one of their Resources receives an HDL override instruction. Note, as part of the evaluation process to determine a demonstrable financial loss, ERCOT verifies whether a QSE is capacity “short” or “long” during the intervals the QSE is requesting an HDL override payment. In this evaluation, ERCOT compares all the capacity available (e.g., Resources and trades) with the Load obligation. ERCOT only considers intervals where the QSE is capacity short to meet its obligation and then only uses the MW reduction due to the HDL override to determine the financial losses. Hence, ERCOT believes that this approach is consistent with the settlement agreement reached with Odessa Ector Power Partners, LP and the PUCT.

Regarding the comments submitted by Mr. Goff, the changes being proposed would limit the scope of eligible bilateral contracts and would remove HDL override compensation based on Day-Ahead Market (DAM) obligations, which are currently permitted under existing Protocols. Mr. Goff is proposing that a bilateral contract should be based on a fixed MWh quantity and price, which would restrict the instances under which QSEs would be compensated when an HDL override is issued. However, if stakeholders approve Mr. Goff’s proposed changes, additional clarifications are needed.

Regarding the comments submitted by Reliant Energy Retail Services LLC, ERCOT believes that the intent is to allow all QSEs to have the same treatment as proposed by Austin Energy, et al. That is, demonstrable financial loss based on incremental costs by a QSE in the Real-Time Market (RTM) to serve its Load, even though there might not be a written bilateral contract to prove the existence of the QSE’s obligation. To this end, ERCOT proposes that for Reliant comments to achieve equivalence with the Austin Energy recommended changes, stakeholders could require that QSEs submitting incremental costs, as proposed by Reliant Energy Retail Services LLC, submit an attestation stating that the Resource that received the HDL override instruction was obligated to serve the Load within the same QSE at the time of the instruction. However, even with this change, there are still some additional clarifications to the Reliant Energy Retail Services LLC comments that need to be addressed, assuming stakeholders support the Reliant comments. For instance, the changes made by Reliant to the section to demonstrate financial loss due to energy purchase or sale provisions of bilateral contracts are not clear to ERCOT.

Depending on the direction that stakeholders choose to take with these different proposals, ERCOT will work with the appropriate sponsor on proposed clarifications to the relevant language.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None