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| NPRR Number | [1070](http://www.ercot.com/mktrules/issues/NPRR1070) | NPRR Title | ****Planning Criteria for GTC Exit Solutions**** |
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| Date | | May 14, 2021 | |
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| Submitter’s Information | | | |
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| Comments |

Calpine Corporation (Calpine) appreciates the opportunity to file comments on Nodal Protocol Revision Request (NPRR) 1070, Planning Criteria for GTC Exit Solutions.

The stated purpose of the NPRR is to, “improve the criteria when examining whether identified GTC exit solutions pass Economic Planning guidelines…” Calpine believes the existing economic planning criteria provides ERCOT with the ability to consider the benefits and costs of economic transmission upgrades without the need for this NPRR. Specifically, Protocol Section 3.11.2 Planning Criteria, notes, “To determine the societal benefit of a proposed project, the revenue requirement of the capital cost of the project is compared to the expected savings in system production costs resulting from the project over the expected life of the project. *Indirect benefits and costs associated with the project should be considered as well, where appropriate.*” [Emphasis added]

As ERCOT notes in their whitepaper on the appropriate economic measures for evaluating transmission projects, “the true cost of a transmission upgrade is the sum of its incremental construction and operating costs, as well as any savings (or costs) that result from changes in how the system as a whole is operated.”

The NPRR authors include no additional cost criteria in their proposed language but seek to bias economic transmission analysis with additional “benefit” criteria. Such a bias will have the impact of shifting significant risk from developers to captive rate payers. Economic transmission planning requires a careful analysis of both costs and benefits of transmission projects that are not needed for reliability. Moreover, there should be a conservative bias toward the costs of transmission project that are not justified under reliability criteria since once built, the costs of transmission are very certain; however, the benefits may be less than expected.

In order to have a robust discussion regarding the need for this NPRR Calpine would appreciate discussion on the following matters:

1. Does existing generation experience unforeseeable congestion cost and curtailment or are some developers ignoring market pricing signals?
2. Can screening studies be reformed to provide better information to developers?
3. Is ERCOT implementing dynamic tools that will mitigate the impact of Generic Transmission Constraints (GTCs) such as Voltage Security Assessment Tool enhancements?
4. Does assuming negative bids based on sunsetting federal tax policy overweight uncertain long term benefits?
5. How is the cost of the production tax credit (“PTC”) and investment tax credit (“ITC”) factored into societal benefit calculation and do the cost of the tax credits combined with negative bids net to zero? Should decommissioning costs be included?
6. Are there costs that are not contemplated by this NPRR that should be included? For example:

* Increased likelihood of early retirement of existing resources and probability of Reliability Must-Run (RMR) contracts?
* Additional transmission costs associated with RMR solutions?
* Additional Reliability Unit Commitment (RUC) costs to balance the system due to increased intermittency from generation that benefits from eliminating GTCs.
* Potential increased transmission costs to manage future grid stability issues.
* Increases to wholesale energy and Ancillary Service prices due to an increased intermittency of the system.
* Resource adequacy impacts and costs due to the displacement of other generation resources.
* Increased socialized transmission losses with additional long transfer paths.

1. Do other developers, like battery developers, use congestion pricing signals for siting their resources and does inclusion of the proposed benefits negatively affect their development plans?
2. Is it practical for ERCOT to model future outages based on past outages? ERCOT’s planning model include about 9200 different contingencies which are an alias to transmission outages? Many of the long term outages in WEST zone (responsible for past derates to Panhandle GTC) were necessary to complete transmission upgrades to increase transfer capabilities of GTCs. Should this past data be used to justify derates to GTCs in the future?
3. In practice how would ERCOT determine the avoided cost of reliability projects?
4. Are there revisions to the firm Load shed process that can mitigate the impact of GTCs if Load shed occurs?