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| NPRR Number | [1190](https://www.ercot.com/mktrules/issues/NPRR1190) | NPRR Title | High Dispatch Limit Override Provision for Increased Load Serving Entity Costs |
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| Date | | August 8, 2024 | |
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| Submitter’s Information | | | |
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| Market Segment | | ERCOT | |

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| Comments |

ERCOT submits these comments to provide additional data for the Reliability & Markets (R&M) Committee and ERCOT Board of Directors consideration of Nodal Protocol Revision Request (NPRR) 1190. The NPRR was recommended for approval by the Technical Advisory Committee (TAC) on June 24, 2024. As indicated at TAC, ERCOT supports NPRR1190.

This NPRR added a provision for recovery of demonstrable financial losses arising from High Dispatch Limit (HDL) overrides. The original recovery of these losses was added to the Protocols via NPRR649, Addressing Issues Surrounding High Dispatch Limit (HDL) Override, which became effective on March 9, 2017.

If ERCOT directs a reduction in a Generation Resource’s real power output by employing an HDL override and that reduction causes the Qualified Scheduling Entity (QSE) to suffer a demonstrable financial loss, the QSE may be eligible for compensation for the loss. This loss is ultimately uplifted to load on a Load Ratio Share (LRS) basis. Current Protocols, implemented with NPRR649, require the QSE to have either a Day-Ahead Market (DAM) obligation or a bilateral contract to prove the financial loss. NPRR1190 allows a QSEs that suffered a loss related to serving the QSE’s own load to qualify for compensation without DAM obligations and without a bilateral contract.

This compensation mechanism has been uncommon, with all HDL override related amounts in the table below. Most of the compensation has been related to Winter Storm Uri, due to the high prices experienced during the storm and the number of impacted Generation Resources. The total of all Real-Time Market (RTM) charge statements for the applicable Operating Days is included as well to show the relative size of the charges to overall market charges.

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| **Date** | **Number of Resources** | **HDLO Charges to Load** | **Charge Statements** | **% of RTM Charge Statements** |
| 2/14/2021 | 9 | $ 8,018,830.59 | $ 1,267,515,418.73 | 0.63% |
| 2/15/2021 | 9 | $ 2,801,392.69 | $ 3,034,981,493.33 | 0.09% |
| 8/10/2023 | 1 | $ 27,973.22 | $ 302,019,841.02 | 0.01% |
| 8/17/2023 | 1 | $ 61,131.49 | $ 471,389,317.44 | 0.01% |
| 9/6/2023 | 1 | $ 185,871.08 | $ 375,980,209.89 | 0.05% |

If NPRR1190 is ultimately approved by the Public Utility Commission of Texas (PUCT), there will be the potential for increased cost recovery as QSEs that do not have DAM obligations or bilateral contracts but suffered losses while serving their own Load will be eligible for loss compensation. However, HDL overrides are a manual action and relatively infrequent.

The table below shows historical HDL overrides. The main reason for the increased HDL overrides in 2023 was the DELMSAN5: PAWNEE\_SPRUCE transmission constraint. Since then, ERCOT has added a new [IROL](https://www.ercot.com/services/comm/mkt_notices/M-C022724-01) as well as submitted NPRR1230, Methodology for Setting Transmission Shadow Price Caps for an IROL in SCED, that would raise the shadow price caps for IROLs, both of which can reduce the frequency of HDL overrides. As of August 7, 2024, there have been no HDL overrides in 2024.

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| **Date** | **Number of Resources with HDL Overrides** | **Number of Resources with HDLO Payments** |
| **2016** |  |  |
| 19-Jul | 5 |  |
| 12-Oct | 1 |  |
| 20-Oct | 1 |  |
| **2018** |  |  |
| 10-Feb | 1 |  |
| **2021** |  |  |
| 14-Feb | 9 | 9 |
| 15-Feb | 9 | 9 |
| 18-Feb | 1 |  |
| **2023** |  |  |
| 10-Aug | 8 | 1 |
| 11-Aug | 8 |  |
| 17-Aug | 16 | 1 |
| 6-Sep | 37 | 1 |
| 7-Sep | 15 |  |

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None