|  |  |
| --- | --- |
| **Date:** | August 13, 2024 |
| **To:** | Board of Directors |
| **From:** | Caitlin Smith, Technical Advisory Committee (TAC) Chair |
| **Subject:** | Unopposed Revision Requests Recommended by TAC for Approval |

## Issue for the ERCOT Board of Directors

|  |
| --- |
| **ERCOT Board of Directors Meeting Date:** August 20, 2024  **Item No.:** 3.1 |

|  |
| --- |
| **Issue:**Consideration of the following Revision Requests: Nodal Protocol Revision Request (NPRRs), Other Binding Document Revision Request (OBDRR), Planning Guide Revision Request (PGRR), and Verifiable Cost Manual Revision Requests (VCMRRs) recommended for approval by TAC (with no opposing votes recorded):  * NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation; * NPRR1216, Implementation of Emergency Pricing Program; * NPRR1217, Remove Verbal Dispatch Instruction (VDI) Requirement for Deployment and Recall of Load Resources and Emergency Response Service (ERS) Resources; * NPRR1225, Exclusion of Lubbock Load from Securitization Charges; * NPRR1231, FFSS Program Communication Improvements and Additional Clarifications; * NPRR1233, Modification of Weatherization Inspection Fees on the ERCOT Fee Schedule; * OBDRR051, Related to NPRR1216, Implementation of Emergency Pricing Program; * PGRR106, Clarify Projects Included in Transmission Project Information and Tracking (TPIT) Report; * VCMRR039, Related to NPRR1216, Implementation of Emergency Pricing Program; and * VCMRR040, Methodology for Calculating Fuel Adders for Coal-Fired Resources. |
| **Background/History:** **Unless otherwise noted: (i) all Market Segments participated in each vote; (ii) For NPRRs, ERCOT Credit Staff and the Credit Finance Sub Group (CFSG) have reviewed the NPRR and do not believe it requires changes to credit monitoring activity or the calculation of liability; (iii) ERCOT supports the Revision Request; and (iv) the Independent Market Monitor (IMM) has no opinion on the Revision Request.**   * ***NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following Public Utility Commission of Texas (PUCT) approval  **Estimated Impacts:** No impact  **Revision Description:** This NPRR clarifies that the Day-Ahead Market (DAM) Energy-Only Offer credit exposure calculation zeros out negative values, with any zeroed out values being included in the calculation of the dpth percentile difference. This clarification aligns with how ERCOT has been performing the calculation since Nodal Go-Live. It also clarifies that the “absolute value” of negative prices is used to increase exposure when prices are negative. Finally, it incorporates a default e2 value in the Protocols, which is consistent with “Procedures for Setting Nodal Day Ahead Market (DAM) Credit Requirement Parameters,” which was an Other Binding Document (OBD) approved by the ERCOT Board of Directors in July of 2012. Although NPRR671, Incorporation of DAM Credit Parameters into Protocols, approved in April of 2015, attempted to incorporate that OBD into Protocols, it appears to have inadvertently not incorporated the default e2 value into the Protocols at that time. Finally, this NPRR clarifies the definitions of e-factors.  **TAC Decision:** On 6/24/24, TAC voted unanimously to recommend approval of NPRR1215 as recommended by PRS in the 6/13/24 PRS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NPRR1215 and believes the market impact for NPRR1215 is to clarify how ERCOT calculates credit exposure for bids and offers in the DAM.   * ***NPRR1216, Implementation of Emergency Pricing Program***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon system implementation – Priority 2024; Rank 380  **Estimated Impacts:** Between $175K and $250K  **Revision Description:** This NPRR aligns the Protocols with the PUCT Order amending 16 Texas Administrative Code (TAC) § 25.509 in Project No. 54585 (54585 Order), which establishes an Emergency Pricing Program (EPP) for the wholesale electric market as required by Public Utility Regulatory Act (PURA) § 39.160. Additionally, this NPRR, along with the estimated implementation costs identified in the Impact Analysis, provides a framework for automating components of the EPP, specifically the activation and deactivation of the Emergency Offer Cap (ECAP), reporting and external communications, and the Settlement for operating losses.  **TAC Decision:** On 6/24/24, TAC voted unanimously to recommend approval of NPRR1216 as recommended by PRS in the 6/13/24 PRS Report as amended by the 6/18/24 ERCOT comments.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NPRR1216 and believes the market impact for NPRR1216, along with OBDRR051, implements the EPP as directed by the PUCT.   * ***NPRR1217, Remove Verbal Dispatch Instruction (VDI) Requirement for Deployment and Recall of Load Resources and Emergency Response Service (ERS) Resources***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval (manual implementation); Priority 2024; Rank 4100 (automation)  **Estimated Impacts:** Between $10K and $20K  **Revision Description:** This NPRR removes the requirement for Load Resources and Emergency Response Service (ERS) Resources to be deployed using a Verbal Dispatch Instruction (VDI) from ERCOT and updates a reference in paragraph (3)(a) of Section 6.5.9.4.1, General Procedures Prior to EEA Operations, to be consistent with changes made in NPRR1176, Update to EEA Trigger Levels.  **TAC Decision:** On 7/31/24, TAC voted unanimously to recommend approval of NPRR1217 as recommended by PRS in the 7/18/24 PRS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NPRR1217 and believes it provides a positive market impact by reducing unnecessary burden on the control room by streamlining the current use of multiple communication systems for the deployment of Load Resources and ERS Resources during Emergency Conditions.   * ***NPRR1225, Exclusion of Lubbock Load from Securitization Charges***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This NPRR updates the Protocols to align with the PUCT’s decisions in PUCT Docket No. 56119, Petition of Electric Reliability Council of Texas, Inc. for Expedited Declaratory Order Regarding Public Utility Regulatory Act Chapter 39, Subchapter N; and Docket No. 56122, Petition of Electric Reliability Council of Texas, Inc. for Expedited Declaratory Order Regarding Public Utility Regulatory Act Chapter 39, Subchapter M. To comply with the PUCT’s declaratory orders, ERCOT changed its Settlement systems to implement the PUCT-ordered exclusions to be effective on or before March 4, 2024, the day on which the transfer of Lubbock Power and Light (LP&L) retail Customers to Retail Electric Providers (REPs) began. This NPRR reflects in the Protocols those exclusions.  **TAC Decision:** On 6/24/24, TAC voted unanimously to recommend approval of NPRR1225 as recommended by PRS in the 6/13/24 PRS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NPRR1225 and believes the market impact for NPRR1225 properly aligns Protocol language with as-built Settlement system calculations to exclude LP&L Load from Securitization uplift and default charges, as directed by the PUCT.   * ***NPRR1231, FFSS Program Communication Improvements and Additional Clarifications***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon system implementation  **Estimated Impacts:** Less than $5K (Operations & Maintenance (O&M))  **Revision Description:** This NPRR provides additional clarifications and improvements to the Firm Fuel Supply Service (FFSS) process.  **TAC Decision:** On 7/31/24, TAC voted unanimously to recommend approval of NPRR1231 as recommended by PRS in the 7/18/24 PRS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NPRR1231 and believes the market impact for this NPRR implements effective improvements to the FFSS program which can be implemented before the 2024/2025 FFSS obligation period begins.   * ***NPRR1233, Modification of Weatherization Inspection Fees on the ERCOT Fee Schedule***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This NPRR adds a flat fee for federally owned generation units, and adjusts the weatherization inspection fee for Transmission Service Providers (TSPs).  **TAC Decision:** On 7/31/24, TAC voted unanimously to recommend approval of NPRR1233 as recommended by PRS in the 7/18/24 PRS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed NPRR1233 and believes it provides a positive market impact by adding a flat fee for inspection of federally owned generation units, which were otherwise reportedly precluded from paying their weatherization inspection invoices, and modifying the per-inspection fee for TSPs to align with the actual average cost incurred by ERCOT to perform a weatherization inspection.  **IMM Opinion:** IMM supports approval of NPRR1233.   * ***OBDRR051, Related to NPRR1216, Implementation of Emergency Pricing Program***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon implementation of NPRR1216, Implementation of Emergency Pricing Program  **Estimated Impacts:** No impact  **Revision Description:** This OBDRR align this methodology with the system changes required for the EPP.  **TAC Decision:** On 6/24/24, TAC voted unanimously to recommend approval of OBDRR051 as submitted. On 7/31/24, TAC voted unanimously to recommend approval of the 6/24/24 TAC Report and 1/23/24 Impact Analysis.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed OBDRR051 and believes the market impact for OBDRR051, along with NPRR1216, implements the EPP as directed by the PUCT.   * ***PGRR106, Clarify Projects Included in Transmission Project Information and Tracking (TPIT) Report***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This PGRR clarifies what transmission projects are included in the Transmission Project Information and Tracking (TPIT) report.  **TAC Decision:** On 6/24/24, TAC voted unanimously to recommend approval of PGRR106 as recommended by ROS in the 6/6/24 ROS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed PGRR106 and believes it provides a positive market impact by enhancing transparency which would improve Market Participants’ understanding of projects that would qualify for inclusion in the TPIT Report.   * ***VCMRR039, Related to NPRR1216, Implementation of Emergency Pricing Program***   **Sponsor:** ERCOT  **Proposed Effective Date:** Upon implementation of NPRR1216, Implementation of Emergency Pricing Program  **Estimated Impacts:** No impact  **Revision Description:** On 6/24/24, TAC voted unanimously to recommend approval of VCMRR039 as recommended by WMS in the 6/5/24 WMS Report.  **TAC Decision:** On 6/24/24, TAC voted unanimously to recommend approval of VCMRR039 as recommended by WMS in the 6/5/24 WMS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed VCMRR039 and believes the market impact for VCMRR039, along with NPRR1216 and OBDRR051, implements the EPP as directed by the PUCT.   * ***VCMRR040, Methodology for Calculating Fuel Adders for Coal-Fired Resources***   **Sponsor:** ERCOT  **Proposed Effective Date:** The first of the month following PUCT approval  **Estimated Impacts:** No impact  **Revision Description:** This VCMRR removes the necessity for ERCOT to purchase an annual coal price index subscription for use in the calculation of the quarterly manual coal fuel adder and describes a methodology for a Qualified Scheduling Entity (QSE) to submit “Actual Coal Fuel Adders” (ACFA) similar to the current process for natural gas Resources.  **TAC Decision:** On 7/31/24, TAC voted unanimously to recommend approval of VCMRR040 as recommended by WMS in the 7/10/24 WMS Report.  **ERCOT Market Impact Statement:** ERCOT Staff has reviewed VCMRR040 and believes it provides a positive market impact by eliminating the requirement to purchase an annual coal price index subscription, thereby reducing costs; by removing the quarterly manual process of calculating and updating fuel adders for coal-fired Resources; and by aligning the ACFA submissions process to a process similar to fuel adder submissions for natural gas Resources.  The TAC Reports and Impact Analyses for these Revision Requests are included in the [ERCOT Board meeting materials](https://www.ercot.com/calendar/08202024-Board-of-Directors-Meeting).  In addition, these Revision Requests and supporting materials are posted on the ERCOT website. |
| **Key Factors Influencing Issue:** The PRS met, discussed the issues, and submitted reports to TAC regarding NPRRs 1215, 1216, 1217, 1225, 1231, and 1233.  The TAC met, discussed the issues, and took action on OBDRR051.  The ROS met, discussed the issues, and submitted a report to TAC regarding PGRR106.  The WMS met, discussed the issues, and submitted reports to TAC regarding VCMRRs 039 and 040. |
| **Conclusion/Recommendation:** As more specifically described above, TAC recommends that the Board recommend approval of NPRRs 1215, 1216, 1217, 1225, 1231, and 1233; OBDRR051; PGRR106; and VCMRRs 039 and 040. |

**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**

**BOARD OF DIRECTORS RESOLUTION**

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to recommend approval of the following Nodal Protocol Revision Request (NPRRs), Other Binding Document Revision Request (OBDRR), Planning Guide Revision Request (PGRR), and Verifiable Cost Manual Revision Requests (VCMRRs) recommended for approval by TAC:

* NPRR1215, Clarifications to the Day-Ahead Market (DAM) Energy-Only Offer Calculation;
* NPRR1216, Implementation of Emergency Pricing Program;
* NPRR1217, Remove Verbal Dispatch Instruction (VDI) Requirement for Deployment and Recall of Load Resources and Emergency Response Service (ERS) Resources;
* NPRR1225, Exclusion of Lubbock Load from Securitization Charges;
* NPRR1231, FFSS Program Communication Improvements and Additional Clarifications;
* NPRR1233, Modification of Weatherization Inspection Fees on the ERCOT Fee Schedule;
* OBDRR051, Related to NPRR1216, Implementation of Emergency Pricing Program;
* PGRR106, Clarify Projects Included in Transmission Project Information and Tracking (TPIT) Report;
* VCMRR039, Related to NPRR1216, Implementation of Emergency Pricing Program; and
* VCMRR040, Methodology for Calculating Fuel Adders for Coal-Fired Resources.

THEREFORE, BE IT RESOLVED, that the Board hereby recommends approval of NPRRs 1215, 1216, 1217, 1225, 1231, and 1233; OBDRR051; PGRR106; and VCMRRs 039 and 040.

**CORPORATE SECRETARY’S CERTIFICATE**

I, Chad V. Seely, Corporate Secretary of ERCOT, do hereby certify that, at its August 20, 2024 meeting, the Board passed a motion approving the above Resolution by \_\_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of August 2024.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Chad V. Seely

Corporate Secretary