|  |  |  |  |
| --- | --- | --- | --- |
| NPRR Number | [1241](https://www.ercot.com/mktrules/issues/NPRR1241) | NPRR Title | Firm Fuel Supply Service (FFSS) Availability and Hourly Standby Fee |
| Date of Decision | | August 8, 2024 | |
| Action | | Tabled | |
| Timeline | | Normal | |
| Proposed Effective Date | | To be determined | |
| Priority and Rank Assigned | | To be determined | |
| Nodal Protocol Sections Requiring Revision | | 8.1.1.2.1.6, Firm Fuel Supply Service Resource Qualification, Testing, Decertification, and Recertification | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) provides equity and clarity surrounding the hourly standby fee claw backs for Firm Fuel Supply Service (FFSS) during a Watch for winter weather using a sliding scale approach. | |
| 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 | | Based on experiences and performances during the 2023-2024 obligation period, there is one major area requiring further refinement and clarification. Luminant introduces a claw back and/or withholding amount of the Standby Fee that better aligns with the FFSS Resource’s (FFSSR’s) availability during a Watch issued for winter weather and/or during an actual deployment. Under this proportionality criteria, FFSSRs could see a maximum claw back of all Operating Days for unavailability for greater than 75% of the hours. This is an increase over ERCOT’s current 90-day reduction. The reduction decreases to 10% if an FFSSR is unavailable for less than or equal to 10% of the hours. Luminant believes this method encourages an FFSSR to work diligently to make an FFSSR available during a Watch while penalizing an FFSSR that is not available for most of a Watch. | |
| PRS Decision | | On 8/8/24, PRS voted unanimously to table NPRR1241 and refer the issue to WMS. All Market Segments participated in the vote. | |
| Summary of PRS Discussion | | On 8/8/24, the sponsor provided an overview of NPRR1241, and ERCOT Staff confirmed that fuel-related failures are not covered by NPRR1241 and would continue to receive a 90 day clawback. Participants requested additional review by WMS. | |

|  |  |
| --- | --- |
| **Opinions** | |
| Credit Review | To be determined |
| Independent Market Monitor Opinion | To be determined |
| ERCOT Opinion | To be determined |
| ERCOT Market Impact Statement | To be determined |

|  |  |
| --- | --- |
| Sponsor | |
| Name | Katie Rich |
| E-mail Address | [katie.rich@vistracorp.com](mailto:katie.rich@vistracorp.com) |
| Company | Luminant Generation Company LLC |
| Phone Number |  |
| Cell Number | 737-313-9351 |
| Market Segment | Independent Generator |

|  |  |
| --- | --- |
| **Market Rules Staff Contact** | |
| **Name** | Cory Phillips |
| **E-Mail Address** | [cory.phillips@ercot.com](mailto:cory.phillips@ercot.com) |
| **Phone Number** | 512-248-6464 |

|  |  |
| --- | --- |
| **Comments Received** | |
| Comment Author | **Comment Summary** |
| None |  |

|  |
| --- |
| **Market Rules Notes** |

Please note that the following NPRR(s) also propose revisions to Section 8.1.1.2.1.6:

* NPRR1231, FFSS Program Communication Improvements and Additional Clarifications

|  |
| --- |
| Proposed Protocol Language Revision |

**8.1.1.2.1.6 Firm Fuel Supply Service Resource Qualification, Testing, Decertification, and Recertification**

(1) Generation Resources that meet the following requirements are eligible to provide Firm Fuel Supply Service (FFSS) and may be selected in the procurement process for FFSS. Both the primary Generation Resource and any alternate Generation Resources, as specified in the FFSS Offer Submission Form, must meet the following requirements prior to submitting an FFSS Offer Submission Form:

(a) Successfully demonstrates dual fuel capability, the ability to establish and burn an alternativeonsite stored fuel, and has onsite fuel storage capability in an amount that satisfies the minimum FFSS capability requirements, as described in paragraph (2) below;

(b) Has an onsite natural gas or fuel oil storage capability or off-site natural gas storage where the Resource Entity and/or QSE owns and controls the natural gas storage and pipeline to deliver the required amount of reserve natural gas to the Generation Resource from the storage facility in an amount that satisfies the minimum FFSS capability requirements, as defined in paragraph (2) below; or

(c) Meets the following requirements:

(i) The Generation Entity for the Generation Resource (or an Affiliate of such Generation Entity) either owns a storage facility with, or has a Firm Gas Storage Agreement for, sufficient natural gas storage capacity for the offered Generation Resource to deliver the offered MW for the duration requirement specified in the request for proposal (RFP);

(ii) The Generation Entity for the Generation Resource (or an Affiliate of such Generation Entity) must own and have good title to sufficient natural gas in the storage facility for the offered Generation Resource to deliver the offered MW for at least the duration requirement specified in the RFP, and must commit to maintain such quantity of natural gas in storage at all times during the obligation period; and

(iii) The Generation Entity for the Generation Resource (or an Affiliate of such Generation Entity) must have entered into a Firm Transportation Agreement on an FFSS Qualifying Pipeline, or multiple Firm Transportation Agreements on multiple Qualifying Pipelines, and:

(A) Each Firm Transportation Agreement must have a maximum daily contract quantity sufficient to transport the quantity of natural gas described above from the storage facility to the Generation Resource in a quantity that is sufficient to allow generation of the offered FFSS MW for at least the duration requirement specified in the RFP;

(B) At least one of the Firm Transportation Agreements must contain a primary receipt point that is the point of withdrawal for the storage facility used to comply with paragraph (i) above;

(C) At least one of the Firm Transportation Agreements must contain a primary delivery point that permits delivery of the natural gas directly to the Generation Resource (including through a plant line or other dedicated lateral);

(D) Each Firm Transportation Agreement must have a term that includes each hour of November 15 through March 15, i.e., during the FFSS obligation period; and

(E) If multiple Firm Transportation Agreements will be used, the point of delivery for each Firm Transportation Agreement, other than the Firm Transportation Agreement that satisfies the requirements set forth in paragraph (C) above, must be a primary receipt point under another Firm Transportation Agreement such that there is a complete path for firm transportation service from the storage facility to the Generation Facility.

(iv) If the Generation Entity will utilize a contractual right to firm gas storage capacity on a third-party system under a Firm Gas Storage Agreement to comply with paragraph (i) above rather than a self-owned physical gas storage facility to qualify, then the Firm Gas Storage Agreement must have:

(A) A term that includes each hour of November 15 through March 15, i.e., during the FFSS obligation period;

(B) A maximum storage quantity not less than the amount of natural gas needed to allow the Generation Resource to deliver the offered MW for the duration requirement specified in the RFP;

(C) A maximum daily withdrawal quantity that permits the Generation Entity (or an Affiliate) to withdraw from storage a daily quantity of natural gas sufficient to allow the Generation Resource to deliver the offered MW for the duration requirement specified in the RFP; and

(D) A point of withdrawal that is a primary receipt point under its Firm Transportation Agreement.

(v) If the Generation Entity will utilize storage owned by it or an Affiliate to comply with paragraph (i) above, then the Generation Entity must certify that for the entire obligation period it or its Affiliate, as applicable, retains the rights to:

(A) Sufficient storage capacity in its facility to store not less than the amount of natural gas needed to allow the Generation Resource to deliver the offered MW for the duration requirement specified in the RFP;

(B) Withdraw from its storage a daily quantity of natural gas sufficient to allow the Generation Resource to deliver the offered MW for the duration requirement specified in the RFP; and

(C) Withdraw from its storage facility at a point of withdrawal that is a primary receipt point under its Firm Transportation Agreement.

(vi) The MW offered by the QSE for the Generation Resource may not be less than the Generation Resource’s LSL.

(vii) The Generation Entity for the Generation Resource may satisfy the requirements set forth in paragraphs (i) through (v) above through use of a single, bundled agreement providing for gas supply, storage, and transportation service, as long as the bundled agreement satisfies the requirements of the definitions of Firm Transportation Agreement and Firm Gas Storage Agreement, the requirements in paragraphs (ii), (iii)(A), (iii)(D), (iv)(A), (iv)(B), and (iv)(C) above, and has a primary delivery point that permits delivery of the gas directly to the Generation Resource (including through a plant line or other dedicated lateral).

(d) A Generation Resource may participate as a Firm Fuel Supply Service Resource (FFSSR) under only one of paragraphs (a), (b), or (c) above.

(e) Successfully demonstrates the ability to provide FFSS in order to maintain Resource availability in the event of a natural gas curtailment or other fuel supply disruption consistent with qualifying technologies identified by the Public Utility Commission of Texas (PUCT).

(2) The minimum FFSS capability requirement is the volume of fuel necessary to operate the Generation Resource at the FFSS MW award level for the duration requirement specified in the RFP. This MW value must be greater than or equal to the Generation Resource’s LSL and is a limit on the MW quantity of FFSS that can be offered for the Generation Resource in the FFSS Offer Submission Form.

(3) A Generation Resource will not be considered qualified to provide FFSS if, in a prior obligation period, the Generation Resource was an FFSSR during a Watch for winter weather and the Generation Resource:

(a)        Failed to come On-Line or stay On-Line during an FFSS deployment due to a fuel-related issue for two or more deployments;

(b)       Came On-Line or continued to generate using reserved fuel during an FFSS deployment, but failed to generate on average at the minimum of either 95% of the MW level instructed by ERCOT or 95% of the awarded FFSS MW value due to a fuel-related issue for two or more deployments; or

(c)        Failed to maintain an Hourly Rolling Equivalent Availability Factor greater than or equal to 50%.

(d) However, such Generation Resource may nevertheless be considered qualified to provide FFSS if the Generation Resource:

(i) Has subsequently been recertified, as provided in paragraph (22) below; or

(ii) The QSE representing the Generation Resource submits a corrective action plan to ERCOT and has agreement with ERCOT on that plan.

(4) A Generation Entity may, but is not required to, submit in writing a proposed form of Firm Gas Storage Agreement or Firm Transportation Agreement (whether to be entered into by the Generation Entity or an Affiliate thereof) to ERCOT for review to be certified as an FFSS Qualified Contract in accordance with such policies and procedures as ERCOT may develop or require from time to time consistent with the requirements of the ERCOT Protocols.

(a) ERCOT may, but is not obligated to, undertake a review of such agreement and, if acceptable, certify in writing such agreement as an FFSS Qualified Contract. The decision whether to certify such agreement as an FFSS Qualified Contract shall be in ERCOT’s sole discretion.

(b) To the extent that any such agreement is so certified by ERCOT, it shall constitute an FFSS Qualified Contract, and a Generation Entity may rely upon such certification for purposes of qualifying as an FFSSR under paragraph (1)(c) above. Any material change to the ERCOT certified form of an existing FFSS Qualified Contract that affects the requirements of a firm natural gas FFSSR shall require a re-certification by ERCOT. For the avoidance of doubt, a Firm Gas Storage Agreement or Firm Transportation Agreement meeting the requirements of the natural gas FFSSR is not required to be certified as an FFSS Qualified Contract.

(5) A QSE representing a Generation Resource that will be offered to provide FFSS as a primary Generation Resource or an alternate Generation Resource must annually demonstrate each offered Generation Resource’s capability to use reserved fuel sources identified in paragraphs (1)(a) through (1)(c) above and sustain its output for 60 minutes at the MW value equal to the QSE’s desired level of FFSS qualification for the Resource. The maximum MW of FFSS that can be offered for the designated Resource by the QSE must be limited to the average Real-Time net real power (in MW) telemetered for the Resource during the demonstration period. Each QSE representing an FFSSR or prospective FFSSR must annually complete the test or successfully deploy at the maximum awarded MW amount for at least the demonstration period and inform ERCOT by August 15 of each year. In order to complete this annual process, the QSE representing the Generation Resource(s) shall:

(a) If qualifying by a self-test, coordinate the test with the ERCOT control room and show the Resource as having a Resource Status of “ONTEST” in its COP and through its Real-Time telemetry for the duration of the demonstration; and

(b) Submit a Resource FFSS qualification form with the date and time of the self-test or the successful deployment that the QSE would like considered for qualification.

(6) A QSE representing an FFSSR must ensure the full awarded FFSS capability is available by November 15 of each year awarded in the RFP.

(7) A QSE representing an FFSSR shall update the Availability Plan for a Generation Resource to show it is unavailable to provide FFSS if it is not available to come On-Line or generate using reserved fuel. The QSE representing an FFSSR must submit an Availability Plan for any alternate Generation Resource that were designated in the FFSS Offer Submission Form. The QSE shall continue to show the Generation Resource is unavailable to provide FFSS in the Availability Plan until it can successfully come On-Line or generate using the reserved fuel.

(8) An FFSSR that is not available to come On-Line shall inform the ERCOT control room as soon as practicable and update the FFSSR Availability Plan within 60 minutes of identifying the unavailability.

(9) If the FFSSR is not available for the percentage of hours outline below for which ERCOT has issued a Watch for winter weather, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Fee for the number of days listed below, unless the FFSSR successfully deployed for its entire FFSS award obligation or exhausted emission hours allocated for the FFSSR, as specified in the FFSS Offer Submission Form. Evidence of an FFSSR not being available includes, but is not limited to, an Availability Plan submission of unavailable or other communications to the ERCOT control room indicating the FFSSR is not available during the Watch. The calculated claw back and/or withholding amount of the FFSS Hourly Standby Fee for unavailability during a Watch shall be based on the following:

(a) Unavailability of FFSSR for greater than 75% of the hours results in a reduction for all Operating Days in the Obligation Period;

(b) Unavailability of FFSSR for greater than 50% and less than or equal to 75% of the hours results in a 90-day reduction;

(c) Unavailability of FFSSR for greater than 25% and less than or equal to 50% of the hours results in a 60-day reduction;

(d) Unavailability of FFSSR for greater than 10% and less than or equal to 25% of the hours results in a 30-day reduction; and

(e) Unavailability of FFSSR for greater than 0% and less than or equal to 10% of the hours results in a 10-day reduction.

(10) If the FFSSR fails to come On-Line or stay On-Line during an FFSS deployment due to a fuel-related issue, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Feefor 90 days. A QSE representing an FFSSR may coordinate with ERCOT and seek approval to take the FFSSR Off-Line for no more than four hours to perform critical maintenance associated with consuming the reserved fuel. If the QSE coordinates with ERCOT and receives approval to take the FFSSR unit Off-Line and brings the FFSSR back On-Line within four hours or less, this shall not count as failure to stay On-Line for the purpose of this paragraph.

(11) If the FFSSR comes On-Line or continues generating using reserved fuel during an FFSS deployment, but fails to telemeter on average an HSL equal to or greater than 95% of the awarded FFSS MW value due to a fuel-related issue, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Feefor 90 days, in proportion to the difference between the awarded MW value and the average telemetered HSL over the FFSS deployment period.

(12) If the FFSSR comes On-Line or continues generating using reserved fuel during an FFSS deployment but fails to generate on average at the minimum of either 95% of the MW level instructed by ERCOT or 95% of the awarded FFSS MW value due to a fuel-related issue, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Fee for 90 days, in proportion to the difference between the average MW level instructed by ERCOT over the FFSS deployment period and the corresponding average generation of the FFSSR.

(13) If the FFSSR fails to come On-Line or stay On-Line during an FFSS deployment due to a non-fuel related issue, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Feefor 15 days.

(14) If the FFSSR comes On-Line or continues generating using reserved fuel during an FFSS deployment but fails to telemeter on average an HSL equal to or greater than 95% of the awarded FFSS MW value due to a non-fuel related issue, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Feefor 15 days, in proportion to the difference between the awarded MW value and the average telemetered HSL over the FFSS deployment period.

(15) If the FFSSR comes On-Line or continues generating using reserved fuel during an FFSS deployment but fails to generate on average at the minimum of either 95% of the MW level instructed by ERCOT or 95% of the awarded FFSS MW value due to a non-fuel related issue, ERCOT shall claw back and/or withhold the FFSS Hourly Standby Fee for 15 days, in proportion to the difference between the average MW level instructed by ERCOT over the FFSS deployment period and the corresponding average generation of the FFSSR.

(16) Notwithstanding paragraphs (9) through (15) above, if the FFSSR is otherwise available but fails to come On-Line or is forced Off-Line due to a transmission system outage or transmission system limitation that would prevent the unit from being deployed to LSL, ERCOT shall not claw back the FFSS Hourly Standby Fee.

(17) If conditions described in paragraphs (11) and (12) occur for the same deployment period, ERCOT shall only claw back the larger amount calculated in paragraph (11) or (12). If conditions described in paragraphs (14) and (15) occur for the same deployment period, ERCOT shall only claw back the larger amount calculated in paragraph (14) or (15).

(18) ERCOT shall decertify a primary Generation Resource or any alternate Generation Resource that was an FFSSR during a Watch for winter weather for any of the following:

(a) Failure to come On-Line or stay On-Line during an FFSS deployment due to a fuel-related issue for two or more deployments;

(b) If the FFSSR comes On-Line or continues generating using reserved fuel during an FFSS deployment, failure to generate on average at the minimum of either 95% of the MW level instructed by ERCOT or 95% of the awarded FFSS MW value due to a fuel-related issue for two or more deployments; or

(c) Failure to maintain an Hourly Rolling Equivalent Availability Factor greater than or equal to 50%.

(19) If ERCOT decertifies a primary Generation Resource, the QSE shall designate an alternate Generation Resource that was awarded through the FFSS procurement process to replace the decertified Generation Resource and continue to provide FFSS. The designated alternate Generation Resource shall satisfy all of the requirements in paragraph (8) of Section 3.14.5, Firm Fuel Supply Service. The designated alternate Generation Resource may no longer be an alternate for another primary Generation Resource.

(20) If ERCOT decertifies an FFSSR that does not have any alternate Generation Resources that were awarded through the FFSS procurement process, ERCOT will cease payments to the QSE under Section 6.6.14.2, Firm Fuel Supply Service Hourly Standby Fee Payment and Fuel Replacement Cost Recovery, until the FFSSR is recertified by ERCOT. ERCOT may issue one or more RFPs to replace the decertified FFSSR’s capacity for the remainder of the FFSS obligation period.

(21) If ERCOT has not replaced a decertified Generation Resource’s FFSSR capacity, the QSE of a decertified Generation Resource may request to reestablish its FFSSR certification by submitting a corrective action plan to ERCOT that identifies actions taken to correct performance deficiencies and by successfully passing a new test, as described in paragraph (5) above. ERCOT shall, in its sole discretion, determine whether a Generation Resource shall be recertified.

(22) A decertified Generation Resource that has not been recertified by ERCOT must submit a corrective action plan to ERCOT and have agreement with ERCOT on that plan in order to be considered qualified to provide FFSS and be selected in the procurement process for any future FFSS obligation period.

(23) If an FFSSR is unavailable or fails to continuously deploy due to a Force Majeure Event, the Generation Entity for such Generation Resource must provide a report to ERCOT containing certain additional information, including:

(a) If the basis of the non-performance is a Force Majeure Event affecting the FFSSR, a description of the Force Majeure Event giving rise to the non-performance, with reasonably full details of such Force Majeure Event;

(b) If the basis of the non-performance is the unavailability of the FFSSR’s FFSS Qualifying Pipeline or natural gas storage facility:

(i) A copy of the relevant Firm Transportation Agreement and/or Firm Gas Storage Agreement;

(ii) A copy of the nominations submitted or a detailed accounting of no notices volumes delivered for the gas day prior to the Force Majeure Event until the gas day after the Force Majeure Event;

(iii) The applicable storage inventory level for the gas day prior to the Force Majeure Event until the gas day after the Force Majeure Event;

(iv) A copy of the force majeure notice from the FFSS Qualifying Pipeline operator or storage provider; and

(v) The capacity and flow data from the FFSS Qualifying Pipeline or storage facility for the gas day prior to the Force Majeure Event until the gas day after the Force Majeure Event;

(c) To the best of its knowledge, how, why, and to what extent the Force Majeure Event actually and directly affected the FFSSR’s ability to perform;

(d) The FFSSR’s heat rate;

(e) The applicable nominations, and if applicable, no-notice delivered, on the FFSS Qualifying Pipeline from the gas day prior to the Force Majeure Event until the day after the Force Majeure Event; and

(f) ERCOT will have the right to request that the Generation Entity provide, or cause to be provided, any additional information ERCOT deems necessary, and the Generation Entity must provide such requested information to the extent reasonably within its possession or control. If the information is not in the possession of the Generation Entity (or its Affiliate) but may be in the possession of the FFSS Qualifying Pipeline operator or storage provider, the Generation Entity will exercise any contractual rights it has to request such information from the FFSS Qualifying Pipeline operator or storage provider, as applicable.

(24) Unless the agreement is a certified contract, if the relevant Firm Transportation Agreement and/or Firm Gas Storage Agreement does not ensure firmness in the manner required by the ERCOT Protocols, ERCOT shall revoke the award and claw back and/or withhold all of the FFSS Hourly Standby Fees for all of the days of the obligation period.

(25) For an FFSSR, a Force Majeure Event will be treated the same as any other cause for unavailability for the purposes of calculating the FFSSR’s FFSS Hourly Rolling Equivalent Availability Factor and for paragraphs (9) through (15) above.

(26) It will constitute a material change under the ERCOT Protocols if a primary Generation Resource or any alternate Generation Resource that qualified to provide FFSS under paragraph (1)(c) above ceases to satisfy any of the requirements to qualify as an FFSSR under paragraph (1)(c) above (for example, but not limited to, if the Firm Transportation Agreement is terminated or if the FFSS Qualifying Pipeline no longer qualifies as an FFSS Qualifying Pipeline).

(a) The QSE of such Generation Resource will be required to notify ERCOT within two Business Days of such a material change.

(b) ERCOT may decertify a primary Generation Resource or alternate Generation Resource if such material change is, in ERCOT’s sole opinion, an adverse change (for example, but not limited to, if a Firm Transportation Agreement is terminated and not replaced with a comparable, qualifying Firm Transportation Agreement).