



Item 6.1.1: ERCOT Comments on NPRR1190

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Overview

- **Purpose**

This presentation highlights the business case for NPRR 1190 and quantifies its impact to the market.

- **Voting Items / Requests**

This is an informational presentation related to voting item NPRR 1190.

- **Key Takeaways**

- ERCOT staff supports NPRR 1190.
- NPRR 1190 is related to policy and enhances fairness in application of the policy; this NPRR does not materially impact reliability.
- Explanations from stakeholders voting “no” focus on the underlying policy under approved NPRR 649, not the extension of the policy.
- The total settlement impact of this policy is expected to be very small:
 - HDL Overrides are infrequent with only 9 days with HDL overrides since the initial policy was implemented in 2017.
 - Of the 5 days where override payments were made, 4 of them had settlement impacts of less than 0.1% of total settlements, and 1 day during Uri was 0.63% of settlements.
 - IROL rule changes in NPRR 1230 will likely reduce the need for HDL overrides.

Background of NPRR 1190

NPRR1190, High Dispatch Limit Override Provision for Increased Load Serving Entity Costs, expands an existing make-whole provision for Qualified Scheduling Entities (QSEs) that have suffered losses due to receiving a High Dispatch Limit (HDL) Override to allow additional QSEs to be eligible for the payment.

- HDL Overrides are manual out of market actions taken by ERCOT operators to address reliability.
- The underlying policy was created with NPRR 649, Addressing Issues Surrounding High Dispatch Limit (HDL) Override, which became effective on March 9, 2017.
- Under current rules, if ERCOT directs a reduction in a Generation Resource's real power output and that reduction causes the QSE to suffer a demonstrable financial loss, the QSE may be eligible for compensation for the loss if certain conditions are met.
- To qualify under the current protocols, the QSE must have either a Day-Ahead Market (DAM) obligation or a bilateral contract to prove the financial loss.

Changes introduced under NPRR 1190

- Under current rules, entities serving their own load may not have DAM obligations nor bilateral contracts. NPRR 1190 extends the make-whole provision to include these entities.
- Examples of entities eligible under NPRR 1190 include:
 - A municipality serving its customers; or
 - A competitive entity that represents both generation and load within the same QSE.

• Key Takeaways

- NPRR 1190 is related to policy and enhances fairness in application of the policy.
- This NPRR does not materially impact reliability.

Historical HDL Override Payments

To date, most payments were related to winter storm Uri, with the payments being a relatively small percent of daily charges.

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%

- Key Takeaway**

- The total settlement impact of this policy is expected to be very small.

Historical HDL Overrides

- HDL Overrides are deployed manually by ERCOT operations to ensure system reliability and are infrequent.
- The table below shows historical HDL overrides from 2016 forward.

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	

The increase in days in summer 2023 is related to the DELMSAN5: PAWNEE_SPRUCE transmission constraint. ERCOT sponsored NPRR1230, Methodology for Setting Transmission Shadow Price Caps for an IROL in SCED, which will reduce overrides in this and similar situation. NPRR 1230 was approved by the ERCOT Board on August 20, 2024.

* There have been no HDL Overrides in 2024 as of August 7, 2024.

• Key Takeaways

- HDL Overrides are infrequent.
- IROL rule changes in NPRR 1230 will likely reduce the need for HDL overrides.