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| NPRR Number | [1247](https://www.ercot.com/mktrules/issues/NPRR1247) | NPRR Title | Incorporation of Congestion Cost Savings Test in Economic Evaluation of Transmission Projects |
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| Date | | November 1, 2024 | |
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| Submitter’s Information | | | |
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| Cell Number | |  | |
| Market Segment | | Not Applicable | |

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| Comments |

ERCOT submits these comments on Nodal Protocol Revision Request (NPRR) 1247 for the Reliability and Operations Subcommittee’s (ROS’s) consideration.

As discussed at the October 29, 2024 Special Planning Working Group (PLWG) meeting, ERCOT submits these comments to provide further notice and transparency regarding its intentions to assess the requirements around adding generation to the planning models. As raised in the 10/18/24 Reliant comments, and supported by the 10/23/24 Joint Commenters’ comments, and the 10/23/24 Luminant comments, Reliant proposed to add language to paragraph (4) of Section 3.11.2, Planning Criteria, to indicate that generation added to the planning models so that the model can solve by meeting the load should not be the driving factor for whether a transmission project meets economic planning criteria. Planning Guide Section 6.9, Addition of Proposed Generation to the Planning Models, provides the requirements for including generation in the planning models. That section governs not only the planning models for the economic criteria but also for reliability criteria. ERCOT agrees that the concern raised by Reliant, Joint Commenters, and Luminant are appropriate to address and that changes to Planning Guide Section 6.9 are needed, not only to assess that issue but also to address several other issues related to the addition of generation to the planning models. ERCOT intends to submit a Planning Guide Revision Request (PGRR) to address these multiple issues and revise Planning Guide Section 6.9. If applicable, ERCOT may also add additional language in Planning Guide Section 3.1.3, Project Evaluation, to address these issues in this forthcoming PGRR. Because changes to how generation is added to the planning models have a broader impact than just the congestion cost savings test, ERCOT requests that NPRR1247 move forward without that language proposed in the 10/18/24 Reliant comments related to Planning Guide Section 6.9 and that such concerns be addressed in the separate forthcoming PGRR. Based on the discussion at the October 29, 2024 Special PLWG meeting, ERCOT understands that Reliant and the other participating stakeholders agree with this approach.

The remaining distinction between the Protocol language proposed in the 10/23/24 ERCOT comments and the draft PLWG comments to NPRR1247 posted to the November 7, 2024 ROS meeting page are whether to include references to two white papers in the Protocols as the Joint Commenters propose: the [*Congestion Cost Savings Test Evaluation Guideline*](https://www.ercot.com/files/docs/2024/10/15/Congestion%20Cost%20Savings%20Test%20Evaluation%20Guideline_Draft%20V2%20redline.docx) and the [*Impact of Weather Uncertainty and Transmission Outages on Economic Project Evaluation*](https://www.ercot.com/files/docs/2021/05/11/Whitepaper_EcononmicPlanning.pdf)*s*.[[1]](#footnote-1) As expressed in then10/23/24 ERCOT comments and at the PLWG meetings, white papers are not typically referenced in the Protocols and ERCOT has concerns with doing so here. ERCOT provides white papers in instances in which additional transparency may be helpful to stakeholders for more granular details than are included in the Protocols or Other Binding Documents. There are many details as to how ERCOT performs its functions that are not included in Protocols or Other Binding Documents, but in some contexts ERCOT believes that there is value in providing additional transparency regarding how ERCOT intends to perform the details of certain functions and ERCOT agrees that the congestion cost savings test merits such additional transparency. ERCOT understands that the Joint Commenters wish to reference these white papers in the Protocols in order to make them binding. ERCOT disagrees that these white papers should be binding in the same sense that the Protocols are binding, but if the details included in the white papers were to be made binding, then the appropriate means to achieve that would be to include such details in the Protocols rather than referencing the document. White papers are akin to the Business Practice Manuals in that, although they are not approved through the stakeholder process and by the Public Utility Commission of Texas (PUCT) as Revision Requests are, they are statements of how ERCOT intends to perform more granular aspects of its functions. In regard to the *Congestion Cost Savings Test Evaluation Guideline*, the level of detail that ERCOT proposed in NPRR1247 to include in Section 3.11.2 for the congestion cost savings test is the same level of detail currently included for the production cost savings test and ERCOT recommends that the additional details are most appropriate to include in the white paper. As discussed at the October 16, 2024 PLWG meeting, ERCOT has also added a commitment to the white paper that it will preview any changes to stakeholders before such changes become effective in order to receive stakeholder feedback.

*Impact of Weather Uncertainty and Transmission Outages on Economic Project Evaluations* indicates how ERCOT takes into consideration certain adequately quantifiable and ongoing direct and indirect costs and benefits to the ERCOT transmission system attributable to a proposed transmission project. This additional assessment of certain costs and benefits is permitted by the PUCT’s rule 16 Texas Administrative Code (TAC) § 25.101(b)(3)(A)(i), which states that they “*may* be included in the cost-benefit study” (emphasis added). Because the consideration of such costs and benefits remains in ERCOT’s discretion pursuant to the PUCT’s rule, the process described in the *Impact of Weather Uncertainty and Transmission Outages on Economic Project Evaluations* white paper should not be binding.

For these reasons, ERCOT urges ROS to adopt NPRR1247 with the language as proposed in the 10/23/24 ERCOT comments.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None

1. Planning-related white papers are posted to the Planning page of the ERCOT website: <https://www.ercot.com/gridinfo/planning>. The *Congestion Cost Savings Test Evaluation Guideline* white paper is currently in draft form and is posted to the October 16, 2024 PLWG meeting page, but that will also be posted to the Planning page once finalized. [↑](#footnote-ref-1)