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| NPRR Number | [1286](https://www.ercot.com/mktrules/issues/NPRR1286) | NPRR Title | Establish Multi-Value Criteria for Resiliency-Related Transmission Project Evaluation |
| Date Posted | | May 21, 2025 | |
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| Requested Resolution | | Normal | |
| Nodal Protocol Sections Requiring Revision | | 3.11.2, Planning Criteria | |
| Related Documents Requiring Revision/Related Revision Requests | | None | |
| Revision Description | | This Nodal Protocol Revision Request (NPRR) establishes new planning criteria to address the process for determining whether a project that addresses a resiliency issue provides sufficient benefit balanced with economic savings or reliability benefits, in accordance with 16 Texas Administrative Code (TAC) § 25.101(b)(3)(A)(iii). Cleanups are also included in Section 3.11.2 to address the inconsistent use of terminology and delete certain obsolete language. | |
| 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 | | The Public Utility Commission of Texas (PUCT) adopted 16 TAC § 25.101(b)(3)(A)(iii) to allow transmission projects that are submitted as reliability or economic projects but that do not fully meet reliability or economic criteria to nevertheless be eligible for approval if 1) the project addresses a resiliency issue identified in the Grid Reliability and Resiliency Assessment (GRRA); and 2) the combination of resiliency benefits and economic savings or reliability benefits is sufficient. Subsections 25.101(b)(3)(A)(iii)(I)-(IV) establish the factors that the PUCT will consider in determining whether to approve a transmission project on resiliency grounds:   1. “the margin by which the transmission project was unable to demonstrate sufficient economic savings or reliability benefits to merit approval on those grounds; 2. whether the resiliency benefits the transmission project would provide by reducing the impacts to customers of potential outages caused by regional extreme weather scenarios are sufficient to compensate for the project’s inability to demonstrate sufficient economic savings or reliability benefits to merit approval on those grounds[;] 3. the cost effectiveness of the transmission project’s ability to address the resiliency issue identified by ERCOT compared to other possible solutions[; and] 4. other factors listed in [Public Utility Regulatory Act] §37.056(c), as appropriate.”   This NPRR establishes new multi-value planning criteria to address the process for determining whether ERCOT will endorse a reliability or economic project that addresses a resiliency issue. | |

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| Market Segment | Not Applicable |

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| **Market Rules Notes** |

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

* NPRR1070, Planning Criteria for GTC Exit Solutions
  + Section 3.11.2

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| Proposed Protocol Language Revision |

3.11.2 Planning Criteria

(1) ERCOT and Transmission Service Providers (TSPs) shall evaluate the need for transmission system improvements and the relative value of alternative improvements based on established reliability, economic, and multi-value criteria.

(2) The reliability criteria are established by the Planning Guide, Operating Guides, and the North American Electric Reliability Corporation (NERC) Reliability Standards.

(3) ERCOT shall attempt to meet these reliability criteria as economically as possible and shall actively study the need for economic projects to meet this goal.

(4) For economic projects, the net economic benefit of a proposed project, or set of projects, will be assessed over the project’s life based on the net benefit that is reasonably expected to accrue from the project as demonstrated through the production cost savings test or the congestion cost savings test. The current set of financial assumptions upon which the revenue requirement calculations for these tests are based will be reviewed annually, updated as necessary by ERCOT, and posted on the ERCOT website. The expected economic benefits are based on chronological simulations of the security-constrained unit commitment and economic dispatch of the generators connected to the ERCOT Transmission Grid to serve the expected ERCOT System Load over the planning horizon, comparing simulations with and without the project. These market simulations are intended to provide a reasonable representation of how the ERCOT System is expected to be operated over the simulated time period. From a practical standpoint, it is not feasible to perform these simulations for the entire 30 to 40 year expected life of the project. Therefore, the economic benefits are projected over the period for which simulations are feasible, which is the planning horizon established in Planning Guide Section 3.1.1.2, Regional Transmission Plan, and a qualitative assessment is made of whether the factors driving the economic benefits due to the project can reasonably be expected to continue.

(5) To determine the economic benefits of a proposed project under the production cost savings test, the revenue requirement of the capital cost of the project is compared to the expected savings in system production costs resulting from the project over the expected life of the project. Outputs from the market simulations described in paragraph (4) above will be used to provide an estimate of the expected reduction in total system-wide production cost due to the project. Other adequately quantifiable and ongoing direct and indirect costs and benefits to the transmission system attributable to the project may be considered as appropriate. If the levelized ERCOT-wide annual production cost savings equals or exceeds the first-year annual revenue requirement of the transmission project, the project will be deemed to demonstrate sufficient economic benefit and will be recommended. ERCOT will publish requested non-confidential modeling inputs, assumptions, and outputs utilized in the production cost savings test if that information can be feasibly provided.

(6) To determine the economic benefits of a proposed project under the congestion cost savings test, the revenue requirement of the capital cost of the project is compared to the expected system-wide consumer energy cost reduction resulting from the project over the expected life of the project. Outputs from the market simulations described in paragraph (4) above will be used to provide an estimate of the expected reduction in total system-wide consumer energy cost due to the project. In the market simulations, system-wide consumer energy cost will be calculated using hourly load in MWh multiplied by hourly load nodal energy prices in $/MWh. Other adequately quantifiable and ongoing direct and indirect costs and benefits to the transmission system attributable to the project may be considered as appropriate. If the levelized system-wide consumer energy cost reduction equals or exceeds the average of the first three years’ annual revenue requirement for the project, the project will be deemed to demonstrate sufficient economic benefit and will be recommended. ERCOT will publish requested non-confidential modeling inputs, assumptions, and outputs utilized in the congestion cost savings test if that information can be feasibly provided.

(7) To meet multi-value criteria, a project submitted as a reliability or economic project must, both, address a resiliency issue identified in a Grid Reliability and Resiliency Assessment (GRRA) required by Planning Guide Section 3.1.1.6, Grid Reliability and Resiliency Assessment (GRRA), and meet at least one of the below criteria, as demonstrated using the cases published in the Regional Transmission Plan:

(a) Prevent thermal loading above 90% of the applicable ratings for planning events in which non-consequential load loss is prohibited as established by the Planning Guide and NERC Reliability Standards;

(b) Prevent voltage levels within 0.01 per unit of the applicable limits for planning events in which non-consequential load loss is prohibited as established by the Planning Guide and NERC Reliability Standards;

(c) Result in levelized ERCOT-wide annual production cost savings of at least 90% of the first-year annual revenue requirement of the project; or

(d) Result in levelized system-wide consumer energy cost reduction of at least 90% of the average of the first three years’ annual revenue requirement of the project.