



Item 10.2: Market Price Correction – SCED Incorrectly Determined Qualifying Facility Output Schedules

Gordon Drake
Director, Market Design & Analysis

Board of Directors Meeting

June 1-2, 2026

Purpose

Provide a timeline of events related to impacted prices in the Real-Time Market (RTM) for Operating Days (OD) January 10, 22, 24, 25, and 26, 2026 and present the results of our price impact analysis.

Voting Items

Requesting approval to correct Real-Time Market Prices for Operating Days January 10, 22, 24, 25, and 26, 2026.

Key Takeaways

- A software defect caused SCED to create proxy Energy Offer Curves (EOCs) for Qualifying Facilities using incorrect target MW values.
- ERCOT is requesting Board approval to correct prices on five affected Operating Days.

Price Correction Event

- ERCOT discovered a software defect on January 29, 2026 affecting the Real-Time Market (RTM) between December 17, 2025 and January 29, 2026. ERCOT corrected the defect on January 29, 2026.
- SCED created proxy EOCs for Qualifying Facilities using submitted output schedule MW values instead of current telemetered MW values, as required by Protocol 6.4.2.1(2)(1).
- ERCOT issued a market notice on February 5, 2026 ([M-A020526-01](#)) to preserve the ERCOT Board of Directors' ability to review prices, covering Operating Days (ODs) January 6-29, 2026.
- A January 8, 2026 change in the RTM optimization engine prevented ERCOT from determining accurate prices for ODs January 6-7, 2026. ERCOT excluded these ODs from the impact analysis.

Impact Analysis Results

- ERCOT Protocols Section 6.3(7)(b) requires that the absolute value impact to any single Counter-Party (CP) meet one of the following two criteria before seeking approval from the Board:
 - 2% and also greater than \$20,000; or
 - 20% and also greater than \$2,000.
- ERCOT determined that the following Operating Days (ODs) met criteria for significance for the Real-Time Market (RTM).

Operating Day	Counter-Parties meeting criteria in Protocol Section 6.3(7)(b)(i)	Counter-Parties meeting criteria in Protocol Section 6.3(7)(b)(ii)
1/10/2026	1	0
1/22/2026	1	0
1/24/2026	1	1
1/25/2026	1	0
1/26/2026	0	1

Impact Analysis Results

- The maximum absolute value impact to Counter-Parties is shown here:

Operating Day	Maximum Amount	Maximum Percentage for Criteria (i)*	Maximum Percentage for Criteria (ii)**
1/10/2026	\$23,114.41	9.02%	n/a
1/22/2026	\$27,060.70	4.19%	n/a
1/24/2026	\$51,547.17	61.73%	61.73%
1/25/2026	\$74,002.78	3.47%	n/a
1/26/2026	\$2,446.12	n/a	95.84%

Impact Analysis Results

The maximum estimated change in charges due to ERCOT is shown here:

Operating Day	Change in Statement Charges Due to ERCOT	
1/10/2026	\$5,991.26	0.074%
1/22/2026	\$(26,540.67)	0.124%
1/24/2026	\$(227,722.13)	0.254%
1/25/2026	\$(284,421.31)	0.157%
1/26/2026	\$(52,364.11)	0.055%

Negative amounts are increased payments to Market Participants; positive amounts are increased charges. The percent amount is the absolute value of the percent impact to the previously settlement net amount due to/from ERCOT.

Key Takeaway:

- A software defect resulted in incorrect Real-Time Market prices for ODs December 17, 2025 – January 29, 2026.
- Five ODs met the significance criteria for seeking ERCOT Board review and price correction.
- ERCOT requests Board approval to correct RTM prices for ODs January 10, 22, 24, 25, and 26, 2026.



Date: May 22, 2026
To: Board of Directors
From: Gordon Drake, Director, Market Design and Analysis
Subject: Real-Time Market Price Correction – SCED Incorrectly Determined Qualifying Facility Output Schedules

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: June 1-2, 2026

Item No.: 10.2

Issue:

Pursuant to paragraph 7 of Protocol Section 6.3, Adjustment Period and Real-Time Operations Timeline, and whether the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) should approve price corrections for Real-Time Locational Marginal Prices (RTLMPs), Real-Time Settlement Point Prices (RTSPPs), Real-Time Reliability Deployment Price Adders for Energy and Ancillary Services (RTRDPAs), Real-Time Market Clearing Prices for Capacity (RTMCPCs), Real-Time Price for Energy Metered for Resources (RTRMPRs), Real-Time Market Clearing Price for Capacity Awarded for Resources (RTMCPCRs), and Real-Time Price for Energy Metered for Settlement Only Generators (RTESOGPRs) for Operating Days (ODs) January 10, 22, 24, 25, and 26, 2026, that were affected by inaccurate output schedules being created by Security-Constrained Economic Dispatch (SCED).

Background/History:

ERCOT staff has identified the need to correct prices in the Real-Time Market (RTM) for ODs January 10, 22, 24, 25, and 26, 2026. The impacted prices include:

- RTLMPs;
- RTSPPs;
- RTRMPRs;
- RTESOGPRs;
- RTMCPCs;
- RTMCPCRs

The ERCOT Protocols require ERCOT to correct prices when invalid prices are identified in an otherwise valid market solution. If ERCOT determines that prices are erroneous, ERCOT must correct the prices before they are final. For the RTM, prices are final at 1600 on the second Business Day following the OD. However, if ERCOT determines that prices are erroneous and need correction after they are final, then ERCOT shall seek Board review of such prices provided that, within 30 days of the OD,

ERCOT notifies Market Participants of the need for correction and that ERCOT intends to seek Board approval of the correction.

In considering a correction of prices, the Board may rely on the following reasons to find that prices should be corrected:

- Data Input Error: Missing, incomplete, stale, or incorrect versions of one or more data elements input to the market applications may result in an invalid market solution and/or prices.
- Hardware/Software Error: These include unpredicted hardware or software failures, planned market system or database outages, planned application or database upgrades, software implementation errors, and failure of the market run to complete.
- Inconsistency with the Protocols or Public Utility Commission of Texas (PUCT) Substantive Rules: Pricing errors may occur when specific circumstances result in prices that are in conflict with such Protocol language or the PUCT Substantive Rules.

See ERCOT Protocol Sections 6.3(4) – (7).

On January 29, 2026, ERCOT identified a software defect that caused SCED to create inaccurate Energy Offer Curves (EOC) for Resources registered as Qualifying Facilities. For Qualifying Facilities that have submitted an output schedule, but did not submit an EOC, ERCOT should create a proxy EOC using the current telemetered MW output of the Resource as the output schedule target MW. Instead, SCED was creating a proxy EOC using the submitted output schedule as the target MW.

The software defect affected the Market Management System (MMS) starting on December 17, 2025 and ERCOT corrected the defect on January 29, 2026.

ERCOT issued a market notice on February 5, 2026, notifying the market that ERCOT was investigating real-time prices. This market notice preserved the eligibility of the ERCOT Board to review prices for any affected Operating Days that were within 30 days of the notice.

Accordingly, ERCOT requests that the Board:

- (a) Review RTLMPs, RTSPPs, RTRMPRs, RTESOGPRs, RTMCPCs, and RTMCPCRs for ODs January 10, 22, 24, 25, and 26, 2026.
- (b) Make a determination as to whether such prices were significantly affected by the error; and

- (c) Direct/authorize ERCOT to correct the impacted RTLMPs, RTSPPs, RTRMPPRs, RTESOGPPRs, RTMCPCs, and RTMCPPRs for ODs January 10, 22, 24, 25, and 26, 2026.

Attached hereto are documents containing corrected RTLMPs, RTSPPs, RTRMPPRs, RTESOGPPRs, RTMCPCs, and RTMCPPRs for ODs January 10, 22, 24, 25, and 26, 2026, as follows:

- **Attachment A** - Corrected RTLMPs
- **Attachment B** - Corrected RTSPPs
- **Attachment C** - Corrected RTRMPPRs
- **Attachment D** - Corrected RTESOGPPRs
- **Attachment E** - Corrected RTMCPCs
- **Attachment F** - Corrected RTMCPPRs

Relevant Protocol Sections:

6.3 Adjustment Period and Real-Time Operations Timeline

- (4) ERCOT shall correct prices for an Operating Day when accurate prices can be determined, the impact of the price correction is determined to be significant, and one of the following conditions has been met: a market solution is determined to be invalid, invalid prices are identified in an otherwise valid market solution, the Base Points or Ancillary Service awards received by Market Participants are inconsistent with the Base Points or Ancillary Service awards of a valid market solution, or the Security-Constrained Economic Dispatch (SCED) process experiences a failure as described in Section 6.5.9.2, Failure of the SCED Process. The following are some reasons that may cause these conditions.

- (a) Data Input error: Missing, incomplete, stale, or incorrect versions of one or more data elements input to the market applications may result in an invalid market solution and/or prices.
- (b) Data Output error: These include: incorrect or incomplete data transfer, price recalculation error in post-processing, and Base Points inconsistent with prices due to the Emergency Base Point flag remaining activated even when the SCED solution is valid.
- (c) Hardware/Software error: These include unpredicted hardware or software failures, planned market system or database outages, planned application or database upgrades, software implementation errors, and failure of the market run to complete.
- (d) Inconsistency with the Protocols or Public Utility Commission of Texas (PUCT) Substantive Rules: Pricing errors may occur when specific

circumstances result in prices that are in conflict with such Protocol language or the PUCT Substantive Rules.

- (7) All Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reliability Deployment Price Adders for Energy, Real-Time MCPCs, and Real-Time Reliability Deployment Price Adders for Ancillary Service are final at 1600 of the second Business Day after the Operating Day.
- (a) However, after Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reliability Deployment Price Adders for Energy, Real-Time MCPCs, and Real-Time Reliability Deployment Price Adders for Ancillary Service are final, if ERCOT determines that prices qualify for a price correction pursuant to paragraph (4) above and that ERCOT will seek ERCOT Board review of such prices, it shall notify Market Participants and describe the need for such correction as soon as practicable but no later than 30 days after the Operating Day. Failure to notify Market Participants within this timeline precludes the ERCOT Board from reviewing such prices. However, nothing in this section shall be understood to limit or otherwise inhibit any of the following:
- (i) ERCOT's duty to inform the PUCT of potential or actual violations of the ERCOT Protocols or PUCT Rules and its right to request that the PUCT authorize correction of any prices that may have been affected by such potential or actual violations;
 - (ii) The PUCT's authority to order price corrections when permitted to do so under other law; or
 - (iii) ERCOT's authority to grant relief to a Market Participant pursuant to the timelines specified in Section 20, Alternative Dispute Resolution Procedure and Procedure for Return of Settlement Funds.
- (b) Before seeking ERCOT Board review of prices, ERCOT will determine if the impact of the price correction is significant, as that term is used in paragraph (4) above, by calculating the potential changes to the RTM Settlement Statement(s) of any Counter-Party on a given Operating Day. ERCOT shall seek ERCOT Board review of prices if the change in RTM Settlement Statement(s) would result in the absolute value impact to any single Counter-Party, based on the sum of all original RTM Settlement Statement amounts of Market Participants assigned to the Counter-Party, to be greater than:

- (i) 2% and also greater than \$20,000; or
- (ii) 20% and also greater than \$2,000.
- (c) The ERCOT Board may review and change Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reliability Deployment Price Adders for Energy, Real-Time MCPCs, and Real-Time Reliability Deployment Price Adders for Ancillary Service if ERCOT gave timely notice to Market Participants and the ERCOT Board finds that such prices should be corrected for an Operating Day.
- (d) In review of Real-Time LMPs, Real-Time Settlement Point Prices, Real-Time prices for energy metered, Real-Time Reliability Deployment Price Adders for Energy, Real-Time MCPCs, and Real-Time Reliability Deployment Price Adders for Ancillary Service, the ERCOT Board may rely on the same reasons identified in paragraph (4) above to find that the prices should be corrected for an Operating Day.

Key Factors Influencing Issue:

Due to SCED creating inaccurate EOCs for Qualifying Facilities, RTLMPs, RTSPPs, RTRMPPRs, RTESOGPPRs, RTMCPCs, and RTMCPCRs for ODs January 10, 22, 24, 25, and 26, 2026 were incorrect, which ERCOT cannot correct without Board authorization.

ERCOT's impact analysis found that the largest dollar impact to any individual Counter-Party for a single OD is approximately \$74,003. Among Counter-Parties exceeding the dollar impact threshold, the largest percentage impact for a single OD is 61.73%.

Notably, Nodal Protocol Revision Request (NPRR) 1024, Determination of Significance with Respect to Price Corrections, was approved by the Board in February 2021 and became effective on April 1, 2021. NPRR1024 requires ERCOT to seek Board review of prices if the change in Settlement Statement(s) would result in the absolute value impact to any single Counter-Party, based on the sum of all original Settlement Statement amounts of Market Participants assigned to the Counter-Party, to be greater than 2% and also greater than \$20,000, or 20% and also greater than \$2,000.

Conclusion/Recommendation:

ERCOT recommends that the Board make a determination that inaccurate EOCs for Qualifying Facilities significantly affected RTLMPs, RTSPPs, RTRMPPRs, RTESOGPPRs, RTMCPCs, and RTMCPCRs for the identified intervals in ODs January 10, 22, 24, 25, and 26, 2026, and direct/authorize ERCOT to correct the impacted prices for the ODs at issue.



ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.
BOARD OF DIRECTORS RESOLUTION

WHEREAS, paragraph (7) of Protocol Section 6.3, Adjustment Period and Real-Time Operations Timeline, authorizes the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) to approve a price correction for certain prices if ERCOT has determined that such prices have been significantly affected by an error;

WHEREAS, paragraph (7) of Protocol Section 6.3, ERCOT staff gave timely notice to Market Participants that Real-Time Market Locational Marginal Prices (RTLMPs), Real-Time Market Settlement Point Prices (RTSPPs), Real-Time Price for Energy Metered for Resources (RTRMPRs), Real-Time Price for Energy Metered for Settlement Only Generators (RTESOGPRs), Real-Time Market Clearing Price for Capacity (RTMCPC) and Real-Time Market Clearing Price for Capacity Awarded for Resource (RTMCPCR) for ODs January 10, 22, 24, 25, and 26, 2026 were incorrect; that a price correction for this OD met the criteria for “significance” in Protocol Section 6.3(7)(b); and ERCOT staff would be seeking Board review of such prices; and

WHEREAS, after due consideration of the alternatives, the Board deems it desirable and in the best interest of ERCOT to correct RTLMPs, RTSPPs, RTRMPRs, RTESOGPRs, RTMCPCs, and RTMCPCRs for ODs January 10, 22, 24, 25, and 26, 2026, that were affected by SCED creating inaccurate EOCs for Qualifying Facilities;

THEREFORE, BE IT RESOLVED, that the Board hereby (1) determines that RTLMPs, RTSPPs, RTRMPRs, RTESOGPRs, RTMCPCs, and RTMCPCRs for ODs January 10, 22, 24, 25, and 26, 2026, were affected by SCED creating inaccurate EOCs for Qualifying Facilities, and (2) directs ERCOT staff to implement the appropriate price corrections pursuant to Protocol Section 6.3.

CORPORATE SECRETARY’S CERTIFICATE

I, Brandon Gleason, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its June 1-2, 2026 meeting, the Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2026.

Brandon Gleason
Assistant Corporate Secretary