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Public Utility Commission of Texas

Memorandum

TO: Chair Thomas Gleeson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty
Commissioner Kathleen Jackson

FROM: Harika Basaran, Market Analysis

DATE: January 23, 2024

RE: February 1, 2024, Open Meeting – Item No. **XX**
Project No. 52373 – *Review of Wholesale Electric Market Design*
Project No. 53298 - *Wholesale Electric Market Design Implementation*

On January 13, 2022, Commission approved *Blueprint for Wholesale Electric Market Design and Directives to ERCOT*.¹ Most of the directives included in the blueprint are either completed or already moved to their own projects. This memo is intended to provide a status update and recommendations.

Phase 1 Enhancements:

The following items have been fully implemented:

Modify Operating Reserve Demand Curve (ORDC)
Fast Frequency Response Service (FFRS)
Loads in Non-Spinning Reserve Service
ERCOT Contingency Reserve Service (ECRS)
Emergency Response Service (ERS) Reforms

Firm Fuel Product: *A new project should be opened for the next contract period of 2024-2025 program budget and offer caps.*

The following items are in progress:

Demand Response: There are two open items.

- **Locational Marginal Pricing for Load Resources:** *NPRR1188 Implement Nodal Dispatch and Energy Settlement for Controllable Load Resources* is in the stakeholder process.

¹ Project No. 52373, AIS Item No. 336; Approval of Blueprint for Wholesale Electric Market Design and Directives to ERCOT, January 13, 2022

- Set higher performance standards for energy efficiency programs: Commission requested funding to develop and implement an energy efficiency program in its Legislative Appropriations Request to the 88th Legislature. This exceptional item for FY24-25 was approved and included a vehicle and 3 full time employees (two analysts and one engineering specialist). One of these positions is currently posted.

Voltage Support Compensation: ERCOT filed its study responsive to this directive on August 21, 2023.² *Staff recommends opening a new project to track this item.*

Phase 2 Existing market design projects in progress:

Project 54584: Reliability Standard for the ERCOT Market

Project 55000: Performance Credit Mechanism (PCM)

Project 55797: Dispatchable Reliability Reserve Service (DRRS)

Project 55837: Review of Value of Lost Load in the ERCOT Market

Project 55845: Review of Ancillary Services in the ERCOT Market

Staff recommends that the Commission close Project Nos. 52373 and 53298. Staff plans to open new projects as provided in this memo.

² Project No. 53298 AIS Item No. 46; Electric Reliability Council of Texas, Inc.'s Proposal Regarding Voltage Support Compensation, August 21, 2023