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# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Chairman Peter Lake  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

**FROM:** Mariah Benson, Market Analysis  
Shawnee Claiborn-Pinto, Market Analysis  
Floyd Walker, Market Analysis

**DATE:** May 6, 2022

**RE:** May 12, 2022, Open Meeting – Item No. 28  
Project No. 52934 – *Review of Rules Adopted by the Independent Organization  
(Discussion and possible action)*

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Before the Commission are 13 new revision requests passed through the stakeholder process by the Technical Advisory Committee (TAC) and ERCOT Board of Directors (BOD) and one new revision request passed by TAC that does not require BOD approval. The BOD Report and ERCOT Impact Analysis for each of the above revision requests was filed in this project on May 2, 2022.<sup>1</sup> These items include Nodal Protocol Revision Requests (NPRRs), a Nodal Operating Guide Revision Request (NOGRR), Planning Guide Revision Requests (PGRRs), a Settlement Metering Operating Guide Revision Request (SMOGRR) and a System Change Request (SCR). These documents are intended to provide a comprehensive overview describing each revision. Commission Staff recommends approval of each of these items.

### **Item for which BOD rejected TAC recommendation:**

The NPRR described below was approved by the BOD at its meeting on April 28, 2022. The BOD rejected the TAC-approved version of the NPRR and approved an alternative version.

- NPRR1108, *ERCOT Shall Approve or Deny all Resource Outage Requests*, enacts an SB3 directive for ERCOT to review, coordinate, approve or deny generation resources' requested outages. This NPRR changes the process for resources requesting a planned outage or rescheduling moved outages. This NPRR also caps the amount of capacity permitted to take a planned outage at a given time. This NPRR will improve ERCOT's control over managing the availability of resources.

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<sup>1</sup> Notice of Recommended Approval of Revision Requests by ERCOT Technical Advisory Committee and Board of Directors (May 2, 2022).

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	After hearing ERCOT's opposition to TAC recommendation for NPRR 1108 and TAC advocate's presentation on TAC action on NNPRR 1108, BOD approved unanimously NPRR 1108 as recommended by TAC in the 4/18/22 TAC report as amended by the 4/26/22 ERCOT comments and the 4/20/22 Revised Impact Analysis for NPRR 1108 with a recommended priority of 2022 and rank of 315.
<b>Related Commission/Legislative Directive</b>	SB3 provides, "the independent organization certified under Section 39.151 for the ERCOT power region shall review, coordinate, and approve or deny requests by providers of electric generation service described by Subsection (a) for a planned power outage during any season and for any period of time."
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed the TAC-approved version of NPRR 1108 and believes the market impact for that version of NPRR 1108 allows ERCOT to meet the Utilities Code §35.0021 (f) requirement enacted by the Legislature in 2001 as part of SB3 to require ERCOT review, coordinate, and approve or deny requests by providers of electric generation service for a planned power outage during any season and for any period of time.

#### **Items with opposition at TAC:**

- NPRR1092, *Reduce RUC Offer Floor and Remove RUC Opt-Out Provision*, reduces the reliability unit commitment (RUC) offer floor from \$1,500/mWh to \$250/mWh. Further, the NPRR changes the deadline to exercise the RUC opt-out provision from one hour before the adjustment period to two hours before the adjustment period. This NPRR will improve market incentives for resources.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	8 TAC Members Opposed: Cooperative (2), Independent Generator (1), Independent Power Marketer (3), Municipal (2)
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1092 and believes the market impact for NPRR 1092 establishes more appropriate incentives for resources related to RUC.

- NPRR1096, *Require Sustained Two-Hour Capability for ECRS and Four-Hour Capability for Non-Spin*, will require an energy storage resource (ESR) providing ERCOT contingency reserve service (ECRS) or non-spin reserve service (Non-Spin) to be capable of sustaining its awarded ancillary service responsibility for two hours and four –hours, respectively. This NPRR will increase ERCOT's awareness of the capacity capabilities of ESRs.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved

<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	3 TAC Members Opposed: Independent Generator (3)
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1096 and believes the market impact for NPRR 1096 provides clarity to Resources that provide ECRS and/or Non-Spin with regards to the requirements needed to meet the reliability objectives of these Ancillary Services.

- NPRR1124, *Recovering Actual Fuel Costs through RUC Guarantee*, updates the RUC settlement calculation from using the input ‘two times fuel index price (FIP)’ to using a resource’s actual verified fuel costs. This NPRR will ensure resources that receive RUC instructions and accept RUC settlement are made whole.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Approved; 1 opposed (OPUC)
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	6 TAC Members Opposed: Consumer (6)
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1124 and believes the market impact for NPRR 1124 allows Generation Resources to recover fuel costs to Start and operate the Resource at the minimum energy level by setting the SUPR and MEPR to the SUCAP and MECAP, respectively, utilizing actual approved fuel prices

- SCR818, *Changes to Incorporate Geomagnetically-Induced Currents (GIC) Modeling Data into Existing Modeling Applications*, would allow changes to ERCOT’s planning models required to assess the performance of the ERCOT system during geomagnetic disturbance (GMD) events. This system change will assist ERCOT market participants in meeting reliability standards.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Approved; 1 opposed (OPUC)
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	3 TAC Members Opposed: Consumer (3)
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed SCR 818 and believes the market impact for SCR 818 would improve the GIC System Model development process by aligning the process for building the GIC System Models with the existing process for building Steady-State and Near-Term Transmission Planning Horizon Models, improve the efficiency of maintaining the GIC data of operational equipment, and satisfy requirements of NERC Reliability Standard, TPL-007-4, to complete the benchmark and supplemental GMD Vulnerability Assessments of the Near-Term Transmission Planning Horizon at least once every 60 calendar months.

**Items with no opposition at TAC:**

- NPRR1116, *Remove Obsolete Reference to Market Information System (MIS)*, which removes outdated language to reference information that was provided in an Other Binding Document which is now available on the ERCOT public website.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1116 and believes the market impact for NPRR 1116 is it improves access to public Other Binding Documents.

- NPRR1122, *Clarifications for PURA Subchapter M Securitization Default Charges*, ensures that default charge obligations are sufficiently collateralized. This NPRR requires that escrow deposits are properly held until a market participant's default charge obligations have been invoiced and paid. The market impact, if any, of this proposed revision is expected to be minimal as this primarily relates to the maintenance of escrow deposits.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	PURA Chapter 39 Subchapter M, D-52321
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1122 and believes the market impact for NPRR 1122 clarifies processes for assessment and collection of Default Charges and Default Escrow Deposits to Qualified Scheduling Entities (QSEs) and Congestion Revenue Right (CRR) Account Holders as reflected in the Debt Obligation Order (DOO) issued in Public Utility Commission of Texas (PUCT) Docket 52321, Application of Electric Reliability Council of Texas Inc. for a Debt Obligation Order Pursuant to Chapter 39, Subchapter M, of the Public Utility Regulatory Act (PURA).

- NPRR1123, *Clarifications for PURA Subchapter N Securitization Uplift Charges*, ensures that uplift charge obligations are sufficiently collateralized and clarifies the process for returning excess securitization proceeds. This NPRR also ensures that uplift charge obligations are properly collateralized and facilitates the return of any excess securitization proceeds. The market impact, if any, of this proposed revision is expected to be minimal.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved

<b>Related Commission/Legislative Directive</b>	PURA Chapter 39 Subchapter N, D-52322
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1123 and believes the market impact for NPRR 1123 clarifies processes to assess and collect Uplift Charges to QSEs representing Load Service Entities (LSEs) as reflected in the DOO issued in PUCT Docket 52322, Subchapter N of PURA.

- NPRR1125, *Use of Financial Security for Securitization Default Charge and Securitization Uplift Charge Invoices and Escrow Deposit Requests*, clarifies the use of financial security other than the associated escrow accounts to guarantee payment of uplift charges and default charges. This NPRR provides further assurances to ratings agencies, underwriters, and bondholders that the Subchapter M and Subchapter N debt obligations will be paid, which could result in lower finance charges for the securitization. The market impact, if any, of this proposed revision is expected to be minimal.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	PURA Chapter 39 Subchapters M and N
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1125 and believes the market impact for NPRR 1125 clarifies how ERCOT, as servicer for securitization debt, may utilize Financial Security in the event of securitization Payment Defaults.

- PGRR096, *Achieve Consistent Representation of Distributed Generation in Steady-State Models*, requires all transmission service providers (TSPs) to use the same methodology for calculating the amount of unregistered distributed generation to ensure that it is not double counted for purposes of transmission planning. This revision will provide better information for transmission planning purposes.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed PGRR 096 and believes the market impact for PGRR 096 facilitates a consistent methodology for the representation of distributed energy resources in planning assessments for the maintenance and improvement of system reliability.

- PGRR098, *Consideration of Load Shed in Transmission Planning Criteria*, adds criteria to allow TSPs scheduling outages during off-peak periods to implement corrective action plans to ensure load is not at risk. This will improve system resiliency and give system

operators the flexibility to schedule outages and capital project work. This PGRR also addresses an inconsistency between ERCOT and North American Electric Reliability Corporation (NERC) planning criteria. This rule will allow more transmission maintenance while protecting customers from outages.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed PGRR 098 and believes the market impact for PGRR 098 permits TSPs to develop corrective action plans to facilitate the scheduling of maintenance outages during off-peak system conditions without additional risk of non-consequential load loss.

- SMOGRR025, *Modifications to Line Loss Compensation Requirement for EPS Metering*, will allow losses less than 0.001% to be disregarded when an ERCOT polled settlement (EPS) meter is not physically placed at the point of interconnection. This SMOGRR will improve efficiency in tracking energy losses.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed SMOGRR 025 and believes the market impact for SMOGRR 025 in conjunction with NPRR1117 will facilitate calculations to determine whether to require the EPS Meter to be programmed to account for line losses.

- NPRR1117, *Related to SMOGRR025, Modifications to Line Loss Compensation Requirement for EPS Metering*, will align the protocols with SMOGRR025.

<b>Staff Recommendation</b>	Approve
<b>BOD Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR 1117 and believes the market impact for NPRR 1117, in conjunction with SMOGRR025, will facilitate calculations to determine whether to require the EPS Meter to be programmed to account for line losses.

**Item not requiring BOD approval:**

The following revision request was approved by the TAC at its meeting on April 13, 2022. This NOGRR does not require BOD approval and had no opposition at TAC.

- NOGRR239, *WAN Data Protection Responsibilities*, requires ERCOT to provide encryption and manage encryption keys for data transmitted between ERCOT and each ERCOT-managed router. This change will assist ERCOT market participants in meeting reliability standards by clarifying the roles and the responsibilities of the market participants.

<b>Staff Recommendation</b>	Approve
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NOGRR 239 and believes the market impact for NOGRR 239 will assist certain entities in developing their plans required by NERC Reliability Standard CIP-012-1, Cyber Security-Communications between Control Centers by defining responsibilities for data transmitted between ERCOT and NERC-registered Generator Operators/Transmission Operators.

Please find attached a proposed order for your consideration consistent with Commission Staff's recommendation in this memo.



**PROJECT NO. 52934**

<b>REVIEW OF RULES ADOPTED BY</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>THE INDEPENDENT ORGANIZATION</b>	<b>§</b>	
	<b>§</b>	<b>OF TEXAS</b>

**PROPOSED ORDER APPROVING ERCOT REVISION REQUESTS**

This Order addresses revisions to 14 Electric Reliability Council of Texas (ERCOT) rules. The Commission approves the revisions and accompanying market impact statements.

At its meeting on April 13, 2022, the ERCOT Technical Advisory Committee (TAC) recommended Commission approval of Nodal Operating Guide Revision Request (NOGRR) 239, WAN Data Protection Responsibilities. Pursuant to the relevant rules, NOGRR239 does not need a recommendation of Commission approval from the ERCOT Board of Directors (Board).

At its meeting on April 28, 2022, the Board recommended Commission approval of the following proposed revisions to the ERCOT rules (Revision Requests) Nodal Protocol Revision Requests (NPRRs), Nodal Operating Guide Revision Request (NOGRRs), Other Binding Document Revision Requests (OBDRRs), Planning Guide Revision Requests (PGRRs), Retail Market Guide Revision Request (RMGRR), Resource Registration Glossary Revision Request (RRGRRs), System Change Requests (SCRs), Settlement Metering Operating Guide Revision Request (SMOGRRs), and Verifiable Cost Manual Revision Request (VCMRRs):

- NOGRR239, WAN Data Protection Responsibilities;
- NPRR1092, Reduce RUC Offer Floor and Remove RUC Opt-Out Provision;
- NPRR1096, Require Sustained Two-Hour Capability for ECRS and Four-Hour Capability for Non-Spin;
- NPRR1108, ERCOT Shall Approve or Deny All Resource Outage Requests;
- NPRR1116, Remove Obsolete Reference to Market Information System (MIS);
- NPRR1117, Related to SMOGRR025, Modifications to Line Loss Compensation Requirement for EPS Metering;
- NPRR1122, Clarifications for PURA Subchapter M Securitization Default Charges;

- NPRR1123, Clarifications for PURA Subchapter N Securitization Uplift Charges;
- NPRR1124, Recovering Actual Fuel Costs through RUC Guarantee;
- NPRR1125, Use of Financial Security for Securitization Default Charge and Securitization Uplift Charge Invoices and Escrow Deposit Requests;
- PGRR096, Achieve Consistent Representation of Distributed Generation in Steady-State Models;
- PGRR098, Consideration of Load Shed in Transmission Planning Criteria;
- SCR818, Changes to Incorporate GIC Modeling Data into Existing Modeling Applications; and
- SMOGRR025, Modifications to Line Loss Compensation Requirement for EPS Metering.

On May 2, 2022, for each proposed revision, ERCOT filed a copy of its Board Report, which includes an ERCOT Market Impact Statement, and ERCOT Impact Analysis. These supporting ERCOT documents constitute the market impact analysis. Commission Staff filed a memorandum on May 6, 2022 related to these revisions in which it recommends that the Commission approve each of the revisions to the rules.

The Commission finds that these revisions are necessary for the proper functioning of the ERCOT market as demonstrated by the supporting material. The Commission issues the following orders:

1. The Commission approves NOGRR239 and accompanying market impact statement.
2. The Commission approves NPRR1092 and accompanying market impact statement.
3. The Commission approves NPRR1096 and accompanying market impact statement.
4. The Commission approves NPRR1108 and accompanying market impact statement.
5. The Commission approves NPRR1116 and accompanying market impact statement.
6. The Commission approves NPRR1117 and accompanying market impact statement.
7. The Commission approves NPRR1122 and accompanying market impact statement.
8. The Commission approves NPRR1123 and accompanying market impact statement.
9. The Commission approves NPRR1124 and accompanying market impact statement.

10. The Commission approves NPRR1125 and accompanying market impact statement.
11. The Commission approves PGRR096 and accompanying market impact statement.
12. The Commission approves PGRR098 and accompanying market impact statement.
13. The Commission approves SCR818 and accompanying market impact statement.
14. The Commission approves SMOGRR025 and accompanying market impact statement.

**Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2022**

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**PETER M. LAKE, CHAIRMAN**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**