



## **Filing Receipt**

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**Item Number - 22**

# *Public Utility Commission of Texas*

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## **Memorandum**

**TO:** Interim Chair Kathleen Jackson  
Commissioner Will McAdams  
Commissioner Lori Cobos  
Commissioner Jimmy Glotfelty

**FROM:** Mariah Benson, Market Analysis Division  
Harika Basaran, Market Analysis Division

**DATE:** July 13, 2023

**RE:** July 20, 2023, Open Meeting – Item No. 27  
Project No. 54445 – *CY 2023 Review of Rules Adopted by the Independent Organization (Discussion and possible action)*

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Before the Commission are five new Nodal Protocol Revision Requests (NPRR), two Nodal Operating Guide Revision Requests (NOGRR), one Retail Market Guide Revision Request (RMGRR), and one Verifiable Cost Manual Revision Request (VCMRR) for approval.

Seven of these revisions were passed through the stakeholder process by the Technical Advisory Committee (TAC) and approved by the Electric Reliability Council of Texas (ERCOT) Board of Directors (Board) at their June 20, 2023, meeting<sup>1</sup>. The Board Report and ERCOT Impact Analysis for these revisions were filed in this project on June 28, 2023.<sup>2</sup> These documents are intended to provide an overview describing each revision.

Also included for Commission review are one Administrative Nodal Protocol Revision Request and one Alignment Nodal Operating Guide Revision Request. These types of revision requests do not go through the stakeholder process, but still require Commission approval.

Commission Staff recommends approval of each of these revisions.

- NPRR1143, *Provide ERCOT Flexibility to Determine When ESRs May Charge During an EEA Level 3* – This NPRR provides ERCOT the ability to direct Energy Storage Resources (ESRs) to charge during an Energy Emergency Alert (EEA) Level 3. In an extended emergency event like Winter Storm Uri during February 2021, it is possible that there may be times when grid conditions warrant, and may benefit from, allowing ESRs to charge. This NPRR permits

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<sup>1</sup> The remainder of the rules approved by the Board were addressed at the June 29, 2023 Open Meeting

<sup>2</sup> Notice of Recommended Approval of Revision Requests by ERCOT Board of Directors, Item No. 19.

ERCOT to provide charging instructions to an ESR during an EEA Level 3, if ERCOT determines operating conditions are suitable for such an action. However, this NPRR does not change *how* ERCOT instructs ESRs to suspend or resume charging during an EEA Level 3.

Specifically, during an EEA Level 3, ERCOT will:

- + Communicate any suspend charging instructions to ESRs via Security-Constrained Economic Dispatch (SCED) Base Point or manual Dispatch Instruction, if necessary; and
- + Communicate any resume charging instructions to ESRs via SCED Base Point based on the Real-Time Market (RTM) Energy Bids submitted by ESRs.

During an EEA Level 3, an ESR is required to suspend charging unless it is providing Primary Frequency Response, is responding to a Load Frequency Control (LFC) Regulation Down Service (Reg-Down) instruction or has received a charging instruction via SCED Base Point. If ERCOT determines that operating conditions are suitable for ESRs to charge during an EEA Level 3, then it is acceptable for ESRs that have received a non-zero charging Base Point instruction to carry other Ancillary Services such as Regulation Up Service (Reg-Up), Responsive Reserve (RRS) service and Non-Spinning Reserve (Non-Spin) while the ESR is charging.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	NA
<b>TAC Opposition</b>	There was one opposing vote from the Cooperative Market Segment (STEC) and six abstentions from the Consumers (Air Liquide, CMC Steel), Cooperatives (GSEC, LCRA, PEC), and Independent Generator (Luminant). Main reasons for the opposition and abstentions were around proper messaging to the public.
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR1143 and believes that the ability to decide when ESRs may charge during an EEA Level 3 has the positive impact of aiding in building back reserves, restoring firm Load and recovering from the EEA Level 3 event.
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	No opinion

- NOGRR254, *Alignment Changes for August 1, 2023 Nodal Operating Guide* NPRR1143. This NOGRR aligns EEA language between the Nodal Operating Guide and Protocols in accordance with changes made in NPRR1143.

<b>Staff Recommendation</b>	Approve	
<b>Board Action</b>	NA	
<b>Related Commission/Legislative Directive</b>	NA	
<b>TAC Opposition</b>	NA	
<b>ERCOT Market Impact Statement</b>	NA	
<b>Sponsor</b>	ERCOT	
<b>IMM Opinion</b>	NA	

- NPRR1161, *Clarify AVR (Automatic Voltage Regulator) Notification Requirements for IRRs* This NPRR clarifies that Intermittent Renewable Resources (IRRs), who remain synchronized to the ERCOT System but are not able to provide reactive power when not providing real power, do not have to provide any additional notifications to ERCOT other than their Real-Time telemetered status. This clarification will prevent unnecessary voice notifications to ERCOT Operators that some market participants had to perform after approval of NPRR1138, *Communication of Capability and Status of Online IRRs at 0 MW Output*.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	NA
<b>TAC Opposition</b>	None, one abstention from the Independent Generator Segment (Luminant).
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR1161 and believes the market impact for NPRR1161 will prevent unnecessary voice notifications to ERCOT Operators.
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	No opinion

- NOGRR246, *Related to NPRR1161, Clarify AVR Notification Requirements for IRRs* This NOGRR aligns the Nodal Operating Guide with the Protocols in accordance with NPRR1161.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	N/A
<b>TAC Opposition</b>	None, one abstention from the Independent Generator Segment (Luminant).
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NOGRR246 and believes the market impact for NOGRR246 will prevent unnecessary voice notifications to ERCOT Operators.
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	No opinion

- NPRR1166, *Protected Information Status of DC Tie Schedule Information* – This NPRR changes the expiration date for the Protected Information status of Direct Current Tie (DC Tie) Schedule information from 60 days after the applicable Operating Day to the date on which ERCOT files the report with the Commission that is required by P.U.C. SUBST. R. 25.192, *Transmission Rates for Export from ERCOT*, relating to energy imported and exported over DC Ties interconnected to the ERCOT System. This brings the ERCOT Protocols into alignment with current Commission Rules.

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

<b>Related Commission/Legislative Directive</b>	PUCT Project No. 53169, <i>Review of Transmission Rates for Exports from ERCOT</i>
<b>TAC Opposition</b>	None, one abstention from the Independent Generator Segment (Luminant).
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR1166 and believes the market impact for NPRR1166 brings the Protocols into alignment with P.U.C. SUBST. R. 25.192 which mandates that ERCOT publicly file certain Direct Current Tie (DC Tie) Schedule information with the Commission before the date currently listed in the Protocols for the expiration of the Protected Information status of the information.
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	Supports.

- **RMGRR172, *Texas SET V5.0 Continuous Service Agreements Changes*** This RMGRR changes the name of the 814\_18 Texas Standard Electronic Transaction (Texas SET) transaction from “Establish/Delete CSA Request” to “Establish/**Change**/Delete CSA Request” and adds new sections to the Retail Market Guide that describes how to cancel a pending Continuous Service Agreement (CSA) through MarkeTrak.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	NA
<b>TAC Opposition</b>	None, one abstention from the Independent Generator Segment (Luminant).
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed RMGRR172 and believes that it has a positive market impact by both addressing current operational issues and providing market efficiencies or enhancement by updating the name of the 814_18 Texas SET transaction from ‘Establish/Delete CSA Request’ to ‘Establish/Change/Delete CSA Request’ and adding new sections to the Retail Market Guide that describe how to cancel a pending CSA through MarkeTrak.
<b>Sponsor</b>	TX Set Working Group
<b>IMM Opinion</b>	No opinion

- **NPRR1168, *Related to RMGRR172, Texas SET V5.0 Continuous Service Agreements Changes*** This NPRR aligns the Protocols with updates made to the Retail Market Guide in accordance with RMGRR172.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	NA
<b>TAC Opposition</b>	None, one abstention from the Independent Generator Segment (Luminant).
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed NPRR1168 and believes that it has a positive market impact by, both, addressing current operational issues and providing market efficiencies or enhancement by updating the name of the 814_18 Texas SET transaction from ‘Establish/Delete CSA Request’ to ‘Establish/Change/Delete CSA Request’ and adding new sections to the Protocols that describe how to administer requests to change end dates for active CSAs.

<b>Sponsor</b>	TX Set Working Group
<b>IMM Opinion</b>	No opinion

- VCMRR031, *Clarification Related to Variable Costs in Fuel Adders*. This VCMRR defines variable costs and clarifies that all cost components used to calculate a Filing Entity's fuel adder should be based on variable costs. In addition, it:
  - + removes the minimum requirements fee cost category from the examples of cost categories that may be included in the fuel adder;
  - + changes the review timeline to give ERCOT the ability to review and follow up on more complex cost submissions.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	Unanimously approved
<b>Related Commission/Legislative Directive</b>	NA
<b>TAC Opposition</b>	There were two opposing votes from Independent Generators (Calpine, Luminant), and ten abstentions from the Cooperatives (GSEC, LCRA, PEC, STEC), Independent Generators (Jupiter Power, ENGIE), and Municipals (DME, CSP Energy, Austin Energy and GP&L).
<b>ERCOT Market Impact Statement</b>	ERCOT Staff has reviewed VCMRR031 and believes the market impact for VCMRR031 will align the Verifiable Cost Manual with the Protocols by removing references to a minimum requirements fee and by clarifying that all costs used to calculate fuel adders must be variable.
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	Supports

- NPRR1187, *Administrative Change for August 1, 2023 Nodal Protocols – Clarifications to the Managed Capacity Declaration Form* – This NPRR clarifies information required from Market Participants when filling out a Managed Capacity Declaration form, which is used by Resource Entities to inform ERCOT of who the Decision Making Entity is that controls each Resource owned by the Resource Entity.

<b>Staff Recommendation</b>	Approve
<b>Board Action</b>	NA
<b>Related Commission/Legislative Directive</b>	NA
<b>TAC Opposition</b>	NA
<b>ERCOT Market Impact Statement</b>	NA
<b>Sponsor</b>	ERCOT
<b>IMM Opinion</b>	NA

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

**PROJECT NO. 54445**

**CY 2023 REVIEW OF RULES  
ADOPTED BY THE INDEPENDENT  
ORGANIZATION**

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**PUBLIC UTILITY COMMISSION  
  
OF TEXAS**

**PROPOSED ORDER APPROVING ERCOT REVISION REQUESTS**

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

At its meeting on June 20, 2023, the ERCOT Board of Directors (Board) recommended Commission approval of the following seven proposed revisions to the ERCOT rules: four Nodal Protocol Revision Requests (NPRRs), one Nodal Operating Guide Revision Request (NOGRR), one Retail Market Guide Revision Request (RMGRR) and one Verifiable Cost Manual Revision Request (VCMRR).

*NPRR1143, Provide ERCOT Flexibility to Determine When ESRs May Charge During an EEA Level 3;*

*NPRR1161, Clarify AVR Notification Requirements for IRRs;*

*NPRR1166, Protected Information Status of DC Tie Schedule Information;*

*NPRR1168, Related to RMGRR172, Texas SET V5.0 Continuous Service Agreements Changes;*

*VCMRR031, Clarification Related to Variable Costs in Fuel Adders;*

*RMGRR172, Texas SET V5.0 Continuous Service Agreements Changes;*

*NOGRR246, Related to NPRR1161, Clarify AVR Notification Requirements for IRRs.*

On June 28, 2023, 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.

ERCOT also filed one Administrative and one Alignment Revision Request for Commission review. Administrative and Alignment Revision Requests do not go through the stakeholder process, but still require Commission approval.

*NPRR1187, Administrative Change for August 1, 2023 Nodal Protocols – Clarifications to the Managed Capacity Declaration Form;*

*NOGRR254, Alignment Changes for August 1, 2023 Nodal Operating Guide NPRR1143.*

Commission Staff filed a memorandum on July 13, 2023, related to these revisions in which it recommends that the Commission approve these revisions to the rules.

The Commission finds that the revisions to the ERCOT rules 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 NPRR1143 and accompanying market impact statement
2. The Commission approves NPRR1161 and accompanying market impact statement.
3. The Commission approves NPRR1166 and accompanying market impact statement.
4. The Commission approves NPRR1168 and accompanying market impact statement.
5. The Commission approves NPRR1187.
6. The Commission approves VCMRR031 and accompanying market impact statement.
7. The Commission approves RMGRR172 and accompanying market impact statement
8. The Commission approves NOGRR246 and accompanying market impact statement
9. The Commission approves NOGRR254.



Signed at Austin, Texas the \_\_\_\_\_ day of \_\_\_\_\_ 2023

**PUBLIC UTILITY COMMISSION OF TEXAS**

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**KATHLEEN JACKSON, INTERIM CHAIR**

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**WILL MCADAMS, COMMISSIONER**

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**LORI COBOS, COMMISSIONER**

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**JIMMY GLOTFELTY, COMMISSIONER**